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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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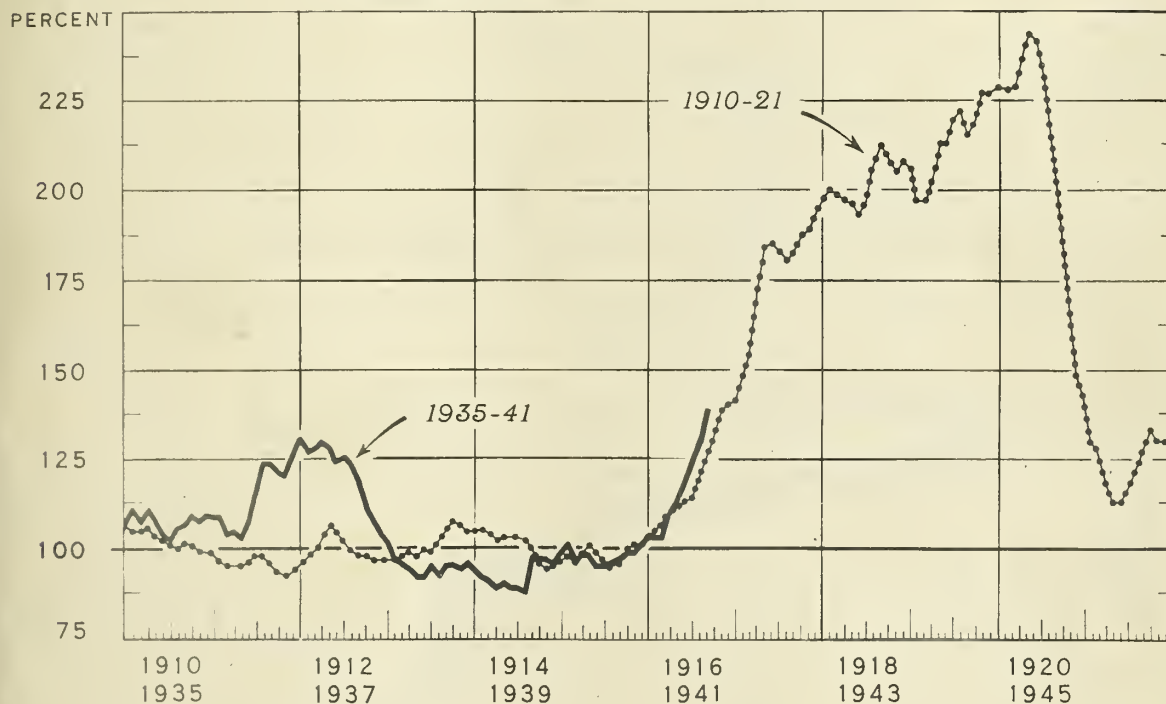
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1942 OUTLOOK ISSUE WITH CHARTS

PRICES RECEIVED BY FARMERS, UNITED STATES, 1910-21, AND 1935-41

INDEX NUMBERS (AUG. 1909 - JULY 1914 = 100)



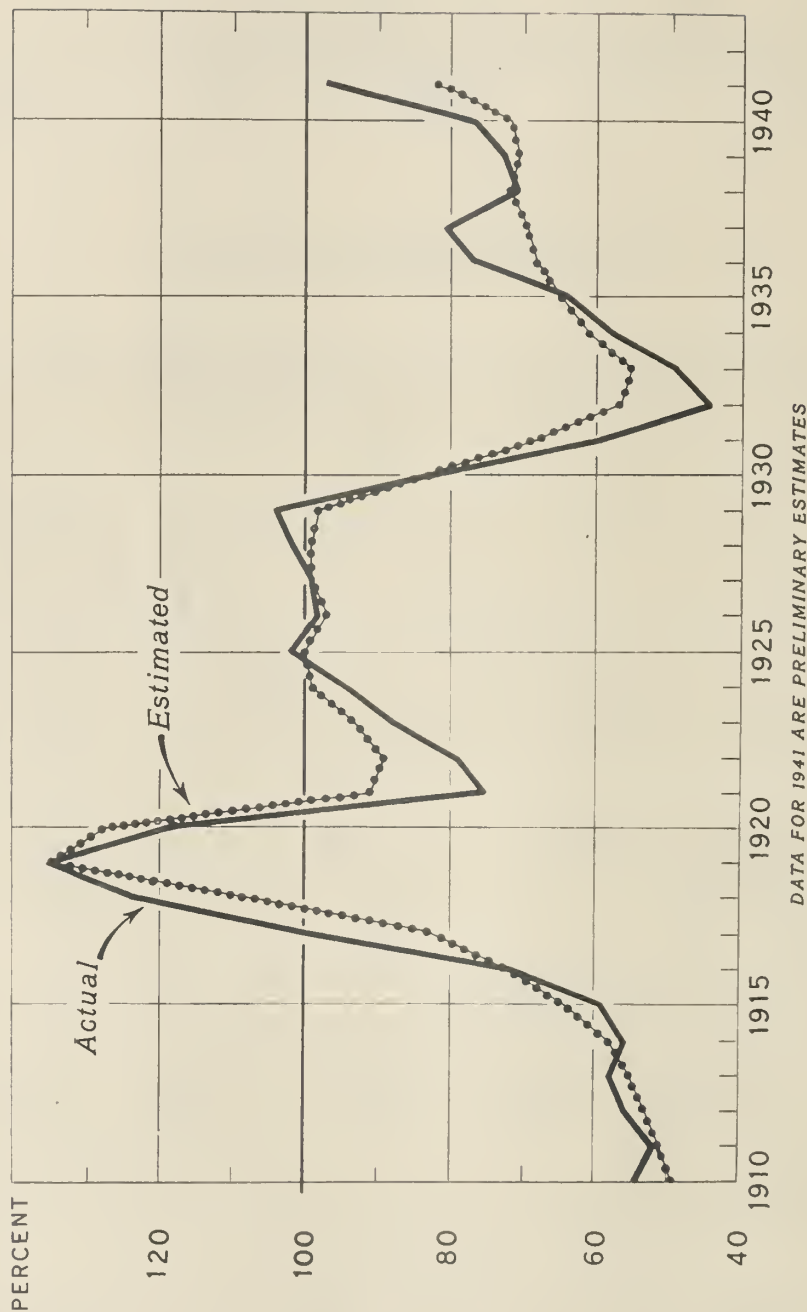
U S DEPARTMENT OF AGRICULTURE

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THE MOVEMENT OF PRICES RECEIVED BY FARMERS IN 1941 WAS VERY SIMILAR TO THAT IN 1916, THE CORRESPONDING YEAR OF WORLD WAR I. IN 1942 PRICES ARE EXPECTED TO AVERAGE SUBSTANTIALLY HIGHER THAN THIS YEAR, BUT THE UPWARD TREND PROBABLY WILL NOT BE SO STEEP AS IN 1917. DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 35.

CASH INCOME FROM FARM MARKETINGS, ACTUAL AND DERIVED FROM VALUE OF EXPORTS AND NONAGRICULTURAL LABOR INCOME, UNITED STATES, 1910-41

INDEX NUMBERS (1924-29 = 100)



U.S. DEPARTMENT OF AGRICULTURE

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FIGURE 1.- VARIATIONS FROM THE AVERAGE CASH FARM INCOME DURING THE YEARS 1910-41
APPEAR TO BE LARGELY ACCOUNTED FOR BY CHANGES IN THE MONEY PURCHASING POWER OF DOMESTIC CONSUMERS (REPRESENTED IN THIS ANALYSIS BY TOTAL NONAGRICULTURAL EMPLOYEES' COMPENSATION) AND THE VALUE OF EXPORTS OF FARM PRODUCTS. THE DOTTED LINE IN THIS CHART SHOWS HOW FARM INCOME MIGHT HAVE MOVED IF ONLY THESE TWO FACTORS HAD INFLUENCED IT. IN PERIODS OF RAPIDLY RISING OR FALLING PRICES THE ACTUAL INCOME FROM MARKETINGS (SHOWN BY THE SOLID LINE) HAS MOVED FASTER AND SOMEWHAT FARTHER THAN THE ESTIMATED INCOME, REFLECTING PARTLY THE INFLUENCE OF SPECULATIVE DEMAND.

SUMMARY OF THE OUTLOOK FOR THE REMAINDER OF 1941

Industrial activity has remained nearly unchanged at a record high level since midsummer. This is being reflected in a slowing of the gains in incomes of industrial workers; and further improvement in the domestic consumer demand for farm products during the remainder of 1941 will be small. But food-for-defense buying may be increased. Speculative or storage demand will be influenced by developments in the consideration of price-fixing legislation.

Industrial production rose from 139 to 159 percent of the 1935-39 average during the first half of 1941, but was practically stationary during the following 3 months. This leveling off is a result of the near-capacity rates of operation which previously had been attained in important industries, and the withholding of materials needed for defense from producers of some types of durable consumers' goods.

Even without the dislocations incident to a shifting from a peacetime to a defense economy, increases in industrial production would have become progressively smaller as plant capacity limitations affected additional industries. The added factor of priority dislocations is preventing temporarily any further rise of consequence as the gains in defense production are being offset by recession in output of those types of durable consumers' goods for which materials are not in sufficient supply for both military and civil needs. However, the better allocation of available supplies of materials together with the coming into production of new defense plants and increased subcontracting should later permit resumption of the upward trends in industrial activity and employment. The money incomes of consumers also will be pushed upward by the rising trend of prices and wages.

Exports of food products recently have been increasing and the list of foods bought under the food-for-defense program has broadened considerably. To meet the growing food needs of the British, purchases with lend-lease funds will need to be increased.

Wholesale commodity prices have leveled out during the past month, following an uninterrupted rise from February to September. During this period the 389-commodity weekly index of the Bureau of Labor Statistics rose 14 percent. The present temporary halt to the general price advance has been due to a moderate recession in prices of farm products. With food needs of the British growing and domestic consumer incomes at a high level and still increasing slowly, the relapse in prices of farm products probably is temporary and the general trend of wholesale prices is expected to continue upward.

The rising level of wholesale prices is being reflected in increased living costs of the urban population and in higher prices paid by farmers for commodities and services both for use in family living and in production. These trends are expected to continue during the remainder of 1941.

Prices received by farmers and cash income from marketings in September reached the highest levels since February 1930 and October 1929, respectively.

Farm living and production costs also are rising but as yet have not offset to any large extent the effect on farm income of the total increase of 35 percent in prices received by farmers during the past 6 months. During the remainder of 1941 prices paid are expected to advance further, whereas the composite index of prices received is expected to advance much slower than during the past 6 months, if at all. The ratio of prices received by farmers to prices paid (including interest and taxes), therefore, may become somewhat less favorable before the end of 1941 than it was in September, when it reached 101 percent of the 1910-14 average, the highest level since 1920.

-- October 16, 1941

SUMMARY OF THE OUTLOOK FOR 1942

The demand for farm products in 1942 is expected to be greater than in 1941, although the improvement will not be as marked as it was this year over 1940. A higher average level of business activity and national income will stimulate the consumer demand for foods and textiles. Larger total purchases of farm products under the food-for-defense program will further improve the export situation. The strong speculative and storage demand which has been an important factor in the demand for farm products in 1941 probably will continue. This outlook assumes continuation of the war, an expanded defense program, and broadening Government controls over production and prices.

Industrial output in 1942 will depend largely upon the level of production which can be attained in view of limitations imposed by supplies of raw materials and labor, rather than upon the prospective demand for different industrial products. Many new industrial plants, mostly devoted to defense, will be coming into operation in future months, but increasingly this will be at the expense of reduced output in existing facilities devoted to the manufacture of civilian goods. With an increase in the output of materials in 1942 over 1941 indicated by present plans for expansion, and with a possible reduction in inventories of materials now on hand, a further increase in production of industrial goods in 1942 is probable.

Steel output in 1942 may be around 5 million tons greater than the record total of about 82 million tons expected this year. The equipment of new plants and the demand for machinery in connection with diversion from civilian to defense production in many existing plants should result in a considerably higher output of machinery in 1942 than in the record year 1941. Domestic cotton consumption has been at record high levels for 2 years, but should continue at least as high in 1942 as in 1941. Increases in rayon and wool goods output should offset the prospective decline in silk, and the principal factors of demand responsible for the large 1941 cotton consumption will continue to favor the maintenance of a very high level of consumption. There will be sizable increases in aircraft, shipbuilding, and possibly in railway transportation equipment, and the gain in fuel production in 1942 may be about as large as it was this year. On the other hand, the total volume of building construction probably will be substantially smaller than in 1941, with a possible increase in defense construction more than offset by reduced residential

and other building of a nondefense nature. The production of automobiles and numerous other durable consumers' goods also will be substantially reduced because of shortages of materials.

Nonagricultural employment and the incomes of urban consumers of farm products will be bolstered by the prospective increase in industrial production and also by expansion in other fields of business activity such as amusements and service occupations. Nonagricultural civilian employment, which already has increased by around 4-1/2 million persons since the European war began, may show a further increase of around 2 million in 1942. The rising general price level also will contribute to the prospective increase in the money incomes of consumers. Industrial workers' income in 1942 may be nearly double what it was at the beginning of the war, and will be considerably higher than in 1941. Total nonagricultural employees' compensation and the national income in 1942 each may be 10 to 15 percent above the total for this year.

The increase in the Government loan rates on basic commodities and the food-for-defense programs have been important factors in the markets for farm products in 1941, but most of the rise in prices has been due to other factors. The general improvement in demand conditions and the rising price level would have resulted in substantial price rises even in the absence of these programs. In some cases, prices of the commodities supported by the loan and purchase programs now are materially above the support levels.

Exports of farm products, which early in 1941 had fallen to the lowest level in 74 years, have substantially increased and may average twice as large in 1942 as in 1941. Of the original 7 billion dollar lend-lease appropriation about 500 million dollars was for agricultural products for shipment to Britain, and about 1 billion dollars of the additional lend-lease appropriation recently asked for by the President is intended to be used for the purchase of agricultural commodities for export. The Secretary of Agriculture has announced that in 1942 the British Government expects to obtain from the United States about one fourth of its requirements of animal protein foods, or enough to feed 10 million people. 1942 export requirements for pork products and eggs are estimated to be about three times those of 1941, for dairy products and canned fruits about twice as large, and for lard and dried fruits about 1-1/2 times as large. Exports of tobacco also are expected to be increased to some extent in 1942. Despite these prospects, it must be recognized that the normal commercial export markets for farm products formerly shipped abroad in greatest volume have been greatly curtailed, and that they will continue so at least during the present war.

The average level of wholesale prices in 1942 is almost certain to be higher than in 1941 if the war continues. Contributing to this prospective strength in prices are the increased money incomes of consumers, inability to obtain a proportionate expansion in the output of consumers' goods, and speculative buying and withholding of commodities. On the other hand, existing and prospective Government controls over prices, as well as some other factors in the situation, will tend to limit the general price advances. Nevertheless, it seems probable that the general level of all commodity prices for 1942 as a whole will at least equal the 1926 level,

which was about 50 percent higher than the level in 1910-14. Prices of agricultural products, which have risen much more than prices of industrial products during the past year, probably will continue to make a favorable relative showing, but not so favorable as in 1941.

The rise in wholesale prices in 1941 has not yet been entirely reflected in retail prices, and the cost of living for the year as a whole is up only about 5 percent over 1940. The increase in the cost of living in 1942 over 1941 may be 1-1/2 times as large as it was this year over last. Food prices have gone up more than 12 percent in the past 6 months, but may not continue to advance at as rapid a rate through 1942, since the influence of some of the factors responsible for this rise already is largely reflected in the present level. The rise in living costs other than food probably will be much greater from 1941 to 1942 than it was this year over last, when such items increased very little in price. Despite prospective increases in living costs and in taxes, and reduction in output of some kinds of civilian durable goods, the standards of living of the working population as a whole should average higher in 1942 than in any year of the past.

Prices received by farmers in 1941 will average nearly 25 percent above 1940, and a gain of about the same proportions is indicated for 1942 over 1941. Agricultural production, which in 1941 was the largest on record, is expected to show a further over-all increase in 1942. A sharp increase in the output of livestock and its products probably will more than offset a decline in the production of some crops such as wheat for which requirements have been reduced by war conditions. The net result of these prospective changes in prices and production will be a substantial increase in cash income from marketings, which together with Government payments in 1942 should represent the highest farm income since 1919.

-- October 16, 1941

The situation by commodities is as follows:

- Wheat: United States wheat growers are expected to seed about 55 million acres for the 1942 crop, an acreage about equal to the national allotment and 13 percent below the 1941 acreage. If seedings turn out to be about 55 million acres and average yields are obtained, production will total about 650 million bushels. A crop of this size would represent a reduction from the indicated 1941 crop slightly larger than the expected increase in the July 1, 1942 carry-over, so that total supplies in 1942-43 may be only slightly below the record supplies this year. Prices are expected to be maintained above export levels.
- Cotton: In view of the prospective continued high level of demand for cotton goods, domestic mill consumption of cotton may approximate or even exceed 10-1/2 million bales this season. Exports, on the other hand, do not seem likely to exceed materially the 1.1 million bales exported last season. To date

farmers have received the highest prices for cotton and cottonseed in more than a decade, and a continuation at present levels with the crop as now estimated would result in farm returns from marketings of lint and seed of a billion dollars or more for the first time since 1929. The area planted to cotton in 1942 in many if not most States may represent a larger proportion of the allotted acreage than the average planted during the past 4 years.

Feed grains: Supplies of feed grains, byproduct feeds, and hay for 1941-42 will be the largest in 20 years. Domestic disappearance during 1941-42 is expected to be considerably greater than in other recent years, but the total carry-over of feed grains into 1942-43 probably will be much above average. The national goal for four feed grains is 151 to 154 million acres compared with 150 million acres in 1941, and the national goal for hay is 74 to 75 million acres or slightly larger than in 1941.

Hogs: Total slaughter supplies of hogs in 1942 probably will be the largest in 15 years. However, a higher average level of domestic demand for meats, together with large Government purchases of pork and lard, will be strong price-supporting factors. Hog prices in 1942 are expected to average higher than in the current year, and cash farm income from the sale of hogs will be the largest since 1929.

Beef cattle: The number of cattle in the United States has been increasing for several years, and numbers at the beginning of 1942 are expected to be nearly as large as the previous record level reached in early 1934. If the 1942 goal for cattle and calf slaughter is reached, marketings will be increased materially at a time when consumer demand for meats is strong, whereas if the upward trend in numbers should continue for another year or so marketings would be exceptionally large in subsequent years when consumer demand conditions may not be as strong as in 1942.

Lambs: Consumer demand for meats is expected to average stronger in 1942 than in 1941, and the general level of lamb prices probably will be higher next year than this. Range conditions have been unusually good this season, and sheep and lambs will go into the winter in the best condition in several years.

Wool: Farm income from wool in 1942 is likely to be fully as large as the income this year, if not larger. Income from wool this year probably will be the largest in 20 years. The current rate of mill consumption is about 75 percent above the average rate of recent years, and consumption is likely to be maintained at the present rate into the early months of 1942. In view of large import requirements and the need for building up reserve supplies, United States purchases

of wool in the Southern Hemisphere in 1941-42 again will be large, possibly 400-500 million pounds. It is expected that large quantities will be available to United States buyers in Southern Hemisphere countries.

Dairy products: Total milk production in 1942 will be the largest on record. Because of a higher average level of consumer incomes and prospective large exports under the lend-lease program, prices of dairy products also will average higher in 1942 than in 1941 but the increase in prices probably will be less than the increase from 1940 to 1941.

Poultry and eggs: Production of poultry products is responding rapidly to favorable prices, and output in the United States in 1942 is expected to be the largest on record. The demand for poultry and eggs in 1942 also is expected to be on a higher average level, however, and probably will more than offset the effects on prices of the much larger supplies. Cash farm income from poultry products in 1942 will be materially larger than in 1941 and probably the largest on record.

Fats and oils: Prices for fats and oils probably will average higher in 1942 than in 1941, although advances from present levels may be held within narrow limits. Prices for domestic oilseeds, now at high levels, are expected to average at least as high in 1942-43 as in the current season if the war continues. Output of soybeans and peanuts, and animal fats, probably will be materially larger next season than this, but requirements for fats for domestic use and for export also are likely to be increased.

Fruit: It is likely that the total fruit crop in 1942 will closely approximate that of 1941, with deciduous production below 1941 and citrus above. Although costs of production and marketing probably will increase in 1942, it is likely that the prospective higher average level of demand in 1942 will result in price levels sufficiently above those of recent years to more than cover these increased costs.

Potatoes: The acreage planted to potatoes in 1942 probably will be increased slightly over the relatively small acreage planted in 1941, but if average yields are obtained production probably will not be significantly different from the moderate-sized 1941 crop. Sweetpotato acreage and production in 1942 probably will be little different from those in 1941.

Truck crops: Because of the generally higher level of prices received for truck crops in the 1941 season, the prospect is for some expansion in plantings and production in 1942. Increased plantings of dry edible beans, particularly of the white varieties, are in prospect for 1942.

THE OUTLOOK FOR DOMESTIC DEMAND IN 1942

The demand for farm products in 1942 is expected to be better than in 1941, although the improvement may not be as great as it was this year. This favorable demand situation is expected to arise mainly from (1) a higher average level of business activity and consumer incomes than in 1941; (2) larger total purchases of farm products under the food-for-defense program; (3) possible reduced competition from some imported commodities which compete with domestic farm products; (4) strong speculative and storage demand based upon the rising general price level. This outlook assumes continuation of the war through 1942, an expanded defense program, and broadening Government controls over production and prices.

Some of the factors expected to result in the higher average level of demand in 1942 than in 1941 already have been largely reflected in the level of demand reached by the early fall of 1941, and the improvement from this point on will not be as great as from the average for the year.

Industrial Activity to be Higher

Industrial activity increased more in 1941 than in any other year on record, and most industries now are operating at near-capacity rates with total output substantially above that of previous peak years. The demand for most goods has increased so much, as a result of the defense program, that it should be able to absorb the maximum output of industrial products as a whole so long as the defense program is expanding. The industrial outlook for 1942, therefore, must be based largely upon estimates of the level of production which can be attained in view of limitations imposed by supplies of raw materials and labor, rather than upon the prospective demand for different industrial products, as is usually the case.

Many new industrial plants, mostly devoted to defense, will be coming into operation in future months, but unless more materials can be made available their operation will be largely at the expense of reduced output in existing plants devoted to the manufacture of civilian goods. The possible utilization of apparently large inventories of raw materials and semi-finished products which have been built up since the war began may make some additional materials available. Also, because of the more exacting specifications for many defense items, more man-hours may be required per ton of material used.

Taking into account the indicated increase in output of materials in 1942 over 1941, and making what seem to be reasonable allowances for probable changes in materials inventories and in the amount of labor required for processing these materials, an additional increase in production of industrial goods in 1942 is indicated. This increase, though not nearly so large as that which occurred this year, perhaps will be about 10 to 15 percent over the average for 1941.

This indication of 1942 industrial production on the basis of overall conditions seems to be in agreement with the following appraisal of prospects for individual industries.

The Outlook for Key Industries

Steel production reached a record total of 67 million tons of ingots in 1940 and apparently will be around 15 million tons larger in 1941. Steel production has held close to rated capacity throughout 1941, and further increases in production will be largely dependent on additions to capacity. Prospective steel requirements for military use and exports are so large that there appears little doubt that operations at near-capacity rates will continue through 1942. If in 1942 the steel mills were to operate at about 96 percent of average rated capacity as they have during 1941, the 1942 increase in ingot output would be around 5 million tons - about a third as large as the estimated increase in 1941.

By September 1940 machinery output had surpassed the August 1929 peak, but further gains have since been accomplished each month (in part through increased subcontracting) until in August 1941 output was 55 percent larger than in September 1940. No end to the unprecedented production of machinery is yet in sight. Orders for electrical goods during the first half of 1941 were more than double those of a year earlier. Contracts awarded for factory building were 30 percent larger in the first 3 months of 1941 than those for the whole of 1929. The equipment of new plants and the demand for machinery in connection with diversion from civilian to defense production in many existing plants will continue to tax the capacity of the machinery industry in 1942.

The total amount of construction initiated in 1941 will be the largest of record with the exception of the years 1925-29. Total building and construction in 1942 is expected to be in smaller volume than in 1941, with any increase in defense and possibly utility construction more than offset by declines in private building and public works. Recently rising costs and the increased diversion of materials to defense have put a brake on residential building. The volume of such construction in 1942 will depend largely on Government policies respecting material priorities or allocations, but a sharp decline in residential building in 1942 is in prospect. The building of plants for defense production, however, will continue large in 1942. Defense construction as a whole may be even larger in 1942 than in 1941, although public works and highway construction probably will be smaller. Public utility construction more than doubled during 1941, and may remain around the recently expanded rate or increase further in 1942 unless metal shortages prevent.

Even if no further cuts in the scheduled production of passenger automobiles are necessary, total truck and passenger car output in 1942 would be nearly 40 percent less than in 1941. Auto and truck production in 1941 of slightly less than 5 million was about the same as that of 1937, which was the second largest of record (1929 output was 5.4 million), and about double the average estimated scrappings of the past 5 years. The market in 1942 probably would absorb a considerably larger number of cars than will be produced under defense restrictions, but unless output is cut more than now indicated there will be a net addition to the number of cars and trucks in use. The effects on employment, and to a large extent on material requirements,

of the decline in automobile output probably will be largely offset by increased production of defense equipment by auto manufacturers.

Textile consumption in the aggregate may be a little larger in 1942 than in 1941. Cotton consumption is expected to differ little from that of 1941. A prospective decline in silk probably will be somewhat more than offset by increases in rayon and wool. Cotton consumption in 1941 apparently will increase about 3 million bales above the previous record 1940 consumption of 8 million bales. Although any further substantial increase in 1942 is not expected, the principal factors of demand responsible for the large 1941 consumption will continue favorable to maintenance of a high level of consumption. Rayon deliveries probably will increase in 1941 to about 1.00 million pounds above the previous record total of 438 million pounds in 1940. Additions to producing facilities and a possible dearth of silk in 1942, together with a higher average level of consumer purchasing power, will be favorable to further gains in rayon output. Wool consumption is headed for a record in 1941, and may be even higher in 1942. Some increase in Army demand is indicated even if there is no further increase in the size of the Army, and the prospective higher consumer incomes in 1942 than in 1941 suggest the maintenance of a very high level of civilian consumption.

Although the industries discussed above accounted for much more than half of the change in the Federal Reserve index of industrial production from 1940 to 1941, there are several other industries which will contribute something to the expected further gain in output in 1942. Changes in activity in most other durable goods industries - such as transportation equipment (except autos), nonferrous metals and products, and construction materials - are closely associated directly or indirectly with changes in steel output. A slowing down in the rate of gain in steel output in 1942 is expected to be accompanied also by a considerably smaller gain in total production of these other durable goods than in 1941. But there will be sizable increases in aircraft, shipbuilding, and possibly in railway transportation equipment. Fuel production in 1942 may increase about as much as in 1941, when reduced exports of petroleum products and other unusual conditions tended to restrict the gains in relation to the improvement in domestic demand. Most of the nondurable groups of industries will contribute something to the expected further gain in the average level of general economic activity.

Employment and Consumer Incomes

Nonagricultural employment and the incomes of urban consumers of farm products will be bolstered by the higher average level of industrial activity indicated for 1942, and also by expansion in other fields of business activity such as amusements, trade, and professional and personal services.

Nonagricultural civilian employment for the year 1942 as a whole may be 2 million greater than for 1941, although such an estimate must be highly tentative in view of the effects of priorities on employment in construction and other civilian industries. The total increase since the European war began already has been around 4-1/2 million. When previously unemployed persons find jobs many of them buy more of the higher-priced

food products such as meats. Since the supply of these commodities is not immediately affected by the amount of employment, this means that some other consumers must buy less than they otherwise would. This process of redistributing the consumption of available foods is brought about by a bidding up of prices, which represents an increase in the demand for farm products, although the total consumption of such products may not be materially affected by the change in demand. Military employment in 1942 also will be greater than in 1941, although the increase from the present level may not be great. The military forces have a higher per capita consumption of food than civilians.

With a rising price level the money incomes of consumers will expand more than the increase in industrial activity and employment alone would indicate. A rising price level affects such incomes in several different ways. Wage increases in some occupations are likely to accompany the rise in prices, business profits generally are increased with resulting larger salaries for executives and possibly of dividend payments to stockholders, and the rise in prices of farm products raises the incomes of farmers who in the aggregate constitute important customers of other farmers. Since the total money income of consumers is approximately the total volume of goods and services multiplied by the prices at which they are exchanged, it follows that changes in the general level of prices can be just as or even more important than changes in total production as a factor determining consumer incomes. These changes in the general price level, of course, also affect the demand for farm products in other ways.

Industrial workers' income has risen out of proportion to other measures of consumer money purchasing power, and in 1942 may be nearly double what it was at the beginning of the war and over 15 percent more than in 1941. Nonagricultural employees' compensation and the national income in 1942 each may be 10 to 15 percent above the total for this year.

Food-For-Defense Program

The food-for-defense program got under way about April 1941. Government purchases for export to Great Britain under the lend-lease arrangement, for accumulating stockpiles, and for other purposes in 1942 are expected to be substantially above those for this year.

The direct effect on prices of these purchases made in 1941 has been supplemented by important indirect effects arising from the announcement of price-support levels for certain commodities and increased speculative and storage demand by the private trade based on these supports and upon prospects for expanded needs under the food-for-defense program. For example, the demand for and prices of butter during the into-storage season were stimulated much more than the size of Government purchases made at the time alone would have justified. In this way, a considerable portion of the effects of the food-for-defense program already has been reflected in the markets for farm products, and the further stimulation to demand in 1942 will be less than the relative quantities purchased might indicate.

Demand for some Domestic Commodities may
Increase Because of Import Situation

Early in 1941 it became apparent that difficulties in obtaining imported commodities - partly because of shipping shortages and increased ocean freight rates - would be greater than had been anticipated. There was heavy buying of all imported commodities, including those which compete with domestic farm products. This stimulated the demand for lard, cotton-seed oil, and other domestic commodities.

The effects of this factor in the demand situation already seem to have been largely discounted in domestic markets, although further complications of the international situation could easily change the picture. On the other hand, increased shipbuilding and possible settlement of some international difficulties in the Pacific would have an opposite tendency.

Strong Speculative and Storage Demand

Speculative and storage demand has been unusually important this year, and probably will continue so in 1942. The strong speculative and storage demand in 1941 has been based partly upon the "floors" placed under prices of some important commodities by Government programs. These "floors" offer assurance against large losses by speculative holders of commodities bought at levels near the price floors, while at the same time possible opportunities for large gains exist, depending upon the outlook for future price increases. With a rising general price level, these prospects have "looked good" to many elements in the trade.

In view of these prospects for generally rising commodity prices, the 85 percent of parity commodity loans have been a much less important influence in the markets for farm products than they otherwise would have been. The increase in loan rates and other Government price supports have been important but not primary factors influencing the prices of some farm products in 1941; it is probable that the rise in prices of some of the affected commodities in 1941 would have been nearly as great without these price supports.

If the rise in the general price level continues through 1942, as indicated elsewhere in this report, it is probable that speculative and storage demand will become even stronger than in 1941. This might raise prices of some products well above levels indicated by actual or prospective consumer and export demand in relation to available supplies. During the World War, some commodity prices were held at levels which appeared to be out of line with such "fundamental" supply and demand conditions, and returned to so-called "normal" relationships only following the post-war deflation.

Conditions Affecting Demand Outlook May Change

These indications of demand conditions in 1942, it must be again emphasized, are based upon certain assumptions with respect to the character of the United States defense effort and other conditions. Events may prove these assumptions to be wrong. The outlook always is subject to limitations of this kind, but it may be said with more than the usual

confidence in such a prediction that the demand for farm products in 1942 will continue at a level much higher than in most other recent years. Even if the war should end, the food-for-defense and other Government programs supporting prices of farm products would prevent a drastic decline in the demand for some important agricultural commodities. Farmers, therefore, can proceed to make their production and marketing plans on the basis of the outlook with more than usual assurance that it will not go far astray.

EXPORT DEMAND IN 1942

Early in 1941 exports of farm products had fallen to the lowest level in 74 years. Great Britain - our largest customer - was buying mostly from Empire sources in order to conserve her rapidly diminishing dollar exchange for the purchase of war materials unobtainable elsewhere than in the United States. Then - in April - 1,350 million dollars of the 7 billion dollar lend-lease appropriation was earmarked for agricultural and other commodities and articles. Of this about 500 million dollars was for agricultural products for shipment to the British. Since that time there has been a gradual increase in farm products exports, and further substantial gains are in prospect.

The President has asked for an additional appropriation of 1,875 million dollars for the purchase of agricultural and industrial commodities under the terms of the proposed new lend-lease legislation. Of this about 1 billion dollars is intended for agricultural products, mostly for shipment to the British. The Secretary of Agriculture has announced that in 1942 the British Government expects to obtain from the United States about one-fourth of its requirements of animal protein foods, or enough to feed 10 million people.

These prospective agricultural exports in 1942 will require 8 to 10 percent of our total production, about twice as large a volume of agricultural products as were exported in 1941. Around three-fourths of the total will go to the British.

Commodities Differently Affected

The prospective 1942 increases in farm product exports do not affect appreciably such products as cotton and wheat. Exports of tobacco (another agricultural product for which the foreign market ordinarily is quite important) will be increased to some extent in 1942, but may not return to pre-war volume. Such increases in tobacco exports as may occur will be from the crops of past years rather than from the crop harvested in 1941.

The 1942 export needs for pork products and eggs are estimated to be about 3 times those of 1941, for dairy products and canned fruits about twice as large as in 1941, and for lard and dried fruits about 1-1/2 times as large. Canned vegetable and dry-bean exports also are expected to continue large.

In order that the prospective 1942 export needs may be met without lowering the average per capita consumption of our own population, increased production of the affected commodities will be needed. Expanded production goals for all of the affected farm commodities have been announced by the Secretary of Agriculture, and during 1942 prices of a number of animal products will be supported by the Department of Agriculture at not less than 85 percent of parity.

Exports Continue Dependent on Government Action

Despite these prospects for larger exports in 1942, it must be recognized that the normal export markets for farm products formerly shipped abroad in greatest volume have been greatly curtailed, and that they will probably continue curtailed during the present war. When peace comes, any large increases in export volume probably will continue to depend chiefly upon Governmental action, since European countries will be lacking in dollar purchasing power or the means of acquiring it quickly. Competition from other surplus-producing nations will be even more vigorous than in the past.

THE GENERAL PRICE LEVEL IN 1942

The average level of wholesale prices in 1942 is almost certain to be higher than in 1941 if the war continues. Important forces contributing to this prospective strength in prices are (1) the increased money incomes or purchasing power of consumers; (2) shortages of some important raw materials and consequent limitations in the output of finished consumers' goods made from them; (3) speculative buying and withholding of commodities based on the general knowledge that prices tend to rise when major wars are in progress. On the other hand, existing and proposed Government controls over prices, and some other factors in the situation, will tend to limit the general price advances.

Taking into account these conflicting and in some cases not yet determined forces, it now seems likely that the Bureau of Labor Statistics index number of all commodity prices for the year as a whole will at least equal the 1926 level, which is about 50 percent higher than the level in 1910-14. Prices of agricultural products, which have risen much more than prices of industrial products during the past year, probably will continue to make a favorable relative showing, but not so favorable as in 1941.

Increased Money Purchasing Power Puts Pressure on Prices

During most of 1940 and in 1941 the money incomes of consumers have been rising rapidly. But the output of both agricultural and nonagricultural commodities--particularly the latter--also has been rising at a fast pace, absorbing much of the increased money purchasing power.

During the coming year Government expenditures for defense will be greatly increased. Some of the recent increases in employment and wage rates will be reflected in the full year figures for 1942 instead of only a part of the year as in 1941. National income and the incomes of different groups will be substantially higher in 1942 than in 1941.

In contrast with these increased money incomes, the output of many kinds of industrial goods for civilian use will be curtailed as the plants formerly making them are converted to defense production or shortages of materials and skilled labor develop further. This impact of rising incomes against a diminished supply of commodities for civilian consumption inevitably would result in a higher general level of prices unless the excess money purchasing power were siphoned off by increased taxes or

savings, or unless stern measures were taken to adjust demand to supply by limiting the quantities of goods consumers are allowed to purchase. It is not likely that any developments along these lines will be sufficient to prevent some increase in the general level of prices.

Shortages of Some Civilian Goods Contrast with Increased Demand

Defense production requires a comparatively small portion of the total output of raw materials in this country, but the percentage is much larger for certain key items such as aluminum and copper. Civilian products made out of a combination of materials are limited in quantity by the availability of these scarce materials unless substitutes can be found. For example, in residential construction there is no shortage of brick, cement, lumber and some other materials, but the scarcity of plumbing, heating, and hardware items already is making it very difficult to continue current construction programs of a nondefense character. Similar examples may be found in other types of consumers' durable goods, notably automobiles and household equipment. It is possible that substitutes will be found for some of these items, such as a composition product in place of copper or tin flashing in roofing houses. Nevertheless, these materials shortages and the necessity for converting some plants from civilian to defense production will result in substantial decreases in the output of some consumer goods. Even in lines where production is not held below that of 1941 some apparent shortages will develop because of increases in demand greater than in production.

Fortunately, the commodities which are most likely to be in definitely short supply in 1942 are those with which consumers can do without for extended periods without great hardship, and which are least likely to be bid up very high in price by frantic attempts of consumers to buy. For example, the shortage of some building materials may bring rising prices for residential real estate in many areas, but in general will tend to discourage attempts to build rather than to force construction prices to heights comparable to those which would occur if a similar shortage were found in food or clothing. It probably takes a smaller percentage rise in price to discourage buying of such items as electric refrigerators than it would to slow up buying of pork chops. Also, prices of these products are more amenable to Government controls, since they are produced by a relatively small number of plants, are of standard brands or qualities, are sold at comparatively uniform prices in different sections, and can be affected by priorities on materials and transportation.

For these reasons, the shortages of these goods will have less effect on the general level of prices than would similar shortages of other types of civilian products. Metal prices, for example, have risen very little during the emergency to date, although the most acute shortages are found in this class of material.

Speculation an Important Element Affecting the General Price Level

During World War I prices of some commodities rose to and were held throughout the war at levels considerably above those which might have been

justified by the movement into consumption of these commodities in relation to available supplies. Buyers bid up prices of commodities merely because they expected to sell them later for a higher price, and owners held them off the markets for like reasons. The demand was partly "artificial" in the sense that it did not represent the demand of final consumers, and the high level of prices reached for these products could be maintained only so long as the speculative demand substituted for or supplemented actual consumer demand.

In the second half of 1941 there have been numerous evidences of speculative demands of this kind. The markets for some products experienced buying sprees touched off by circumstances which in ordinary times would have caused scarcely a ripple. But some of the commodities most subject to speculative pressures of this kind are in relatively large supply, and the possibility of further Government controls has continued to be a restraining influence.

Price Controls not yet Determined

Unrestricted, there is little doubt that prices in general would continue to rise rapidly and reach a point probably as high as during World War I, if not higher. But conditions have not been, are not being, and will not be left to themselves. The warring countries have demonstrated more or less conclusively the possibility of exercising a degree of control over prices necessary to prevent runaway inflation. Even in this country, steps have been taken which have prevented large increases in prices of many important commodities such as steel and copper. Such increases no doubt would have led to rises in prices of many associated commodities.

Since Congress has not yet taken action with respect to proposed price controls of various sorts, it is impossible to evaluate fully the prospective effectiveness of the measures which may be finally adopted. Most observers are agreed, however, that it will be difficult to control some prices, and that increases in these prices will add to the cost of living and may bring further rises in wage rates and otherwise contribute to increased costs of production of other goods. Under such circumstances some increases in prices of even the controlled commodities might follow. It is difficult to do more than limit the degree of rise in prices when strong price-lifting forces are in operation.

Differing Responses to Rising Price Level

The movement of the general price level since the outbreak of war in 1939 bears remarkable similarities to the movement following the outbreak of war in 1914. Many of the conditions which influenced prices during the World War I again are present. But many conditions are different, and acceptance of any inevitable or mechanical relation between price movements in the two periods should be avoided.

A rise in the average level of all commodity prices in 1942 to about the 1926 level probably would reflect a greater percentage increase in whole-sale prices of farm products than in prices of nonagricultural commodities, although the relative gain would be smaller than in 1941. The rise in whole-sale prices in 1941 has not yet been entirely reflected in retail prices,

and the cost of living in 1941 is up only about 5 percent over 1940. The increase in the cost of living in 1942 over 1941 may be 1-1/2 times as large as it was this year over 1940.

Food prices have gone up more than 12 percent in the past 6 months, but may not continue to advance at as rapid a rate through 1942, since the influence of some of the factors responsible for this rise already has been largely reflected in the present level of food prices. The rise in living costs other than food probably will be much greater from 1941 to 1942 than it was this year over last, when such items increased in price very little.

Despite these prospective increases in food prices and other living costs and in taxes, and reductions in output of some kinds of civilian durable goods, the standards of living of the working population as a whole should average higher in 1942 than in any year of the past. For this to be possible, however, some shifts in the relative consumption of different kinds of goods and services would be necessary. Increases in the prospective purchasing power of various groups of workers in 1942 over the average for 1941, in terms of over-all living costs and without allowance for higher taxes, may be about as follows: Industrial workers around 10 percent, all nonagricultural wage and salary earners about 5 percent. Compared with recent years other than 1941 the gains will be much larger, and there will be a considerable margin even over 1929.

FARM PRICES AND INCOME IN 1942

Cash farm income from marketings and Government payments in 1942 may approach 13 billion dollars. This would be the highest income since 1920. It compares with nearly 11 billion in 1941, slightly more than 9 billion in 1940, and less than 5 billion in 1932. Increased returns from the sale of farm products will be the result largely of higher average prices received in 1942 than in 1941, although a moderate increase in production--particularly of livestock and livestock products--also will contribute to the rise.

Farm prices in 1941 will average nearly 25 percent above 1940, and a gain of about the same proportions is indicated for 1942 over 1941. Prices were much below present levels during the first part of 1941, and would have to rise on the average in 1942 less than 10 percent from the present level in order to fulfill this outlook.

Larger Agricultural Production

Production of many agricultural commodities in 1941 has been the largest on record. Total production is expected to be about 2 percent above 1940 and about 12 percent above the 1924-29 average. Production goals for 1942--calling for a further increase in production of about 2 percent--have been set after a thorough canvass of probable domestic consumption and exports of agricultural products.

If contemplated goals are met, there will be a sharp increase in the production of livestock products. This will more than offset a decline of nearly 10 percent in the output of crops. Most of the reduction in crop output in 1942 would result from smaller crops of wheat and other products, more than offsetting probable increases in the output of sugar, truck crops, peanuts, and soybeans.

Income Increase Varies by Commodities

Income from all groups of farm products is expected to be higher in 1942 than in 1941, but the rise will be much greater for some groups of commodities than for others. Income from grains may not be much larger than in 1941, because of the prospective marked decline in production of wheat. Income from fruits and vegetables and from livestock products will probably increase along with the expected increase in income of consumers and the probable increase in exports of many of these commodities.

Farm Purchasing Power to Be Greater

Prices received by farmers have gone up more than prices paid during 1941, and the general level of farm prices in mid-September was above parity. It is expected that prices paid by farmers will rise substantially in 1942 but not enough to offset the increase in prices received, so that for the year 1942 as a whole the ratio of prices received to prices paid should be about at parity. Largest prospective increases in prices paid by farmers are for food, automobiles and tractors, building materials, feed, containers, and other small equipment and supplies. Farm wage rates also will be substantially higher. Moderate advances are expected in prices of farm machinery, fertilizer, seed, gas and oil, and possibly in taxes. The purchasing power of both cash farm income and net farm income probably will be materially greater in 1942 than in 1941.

BEEF CATTLE

The number of cattle and calves in the United States has increased steadily since 1938. And despite a sharp increase in slaughter this year, numbers at the beginning of 1942 will be larger than a year earlier and almost as large as the 1934 record.

The recently announced goals for agricultural production call for a total cattle and calf slaughter in 1942 of about 28 million head, compared with an expected total slaughter of around 25 million head in the current year. If the goal for cattle and calf slaughter in 1942 is reached, production of beef and veal will be increased materially over that of 1941 and the upward trend in cattle numbers will be halted. This is desirable from the standpoint of both producers and consumers. Not only will increased supplies of beef and veal be made available at a time when domestic needs are great, but a high level of consumer demand resulting from the defense program will make it possible for producers to market increased supplies of cattle and calves at prices as high as or above the levels of the current year. In addition, checking the upward trend in cattle numbers next year will prevent a marked expansion in slaughter supplies after 1942 when consumer demand may not be so strong as during the coming year.

The number of cattle fed for market in 1941 was the largest in many years. Although the general level of cattle prices has averaged materially higher this year than last, the spread between prices of feeder and slaughter cattle has been unusually narrow in recent months. This situation has been unfavorable for many cattle feeders, particularly those who fed cattle to heavy weights. So far this fall prices of feeder cattle have been around

\$1 to \$2 higher than a year earlier, and prices of corn and other feeds also are higher. Unless cattle feeding operations are sharply curtailed in the 1941-42 season, which does not now seem likely, the advance in prices of well finished fat cattle in the coming year is expected to be moderate. Although the outlook for cattle feeders who buy cattle for feeding for the coming year is not as promising as in some other years, for producers who raise their own cattle and have ample supplies of feed and roughage the outlook for 1942 is distinctly favorable.

Cattle prices have not changed greatly during the past month, although there has been some tendency for prices of the lower grades to weaken seasonally for several weeks. The average price of good grade beef steers at Chicago for the week ended October 4 was \$11.50, about the same as a month earlier and slightly higher than in the corresponding week of 1940. Prices of feeder steers have declined moderately since mid-September, but they are still high relative to prices of fat cattle.

Inspected cattle slaughter during September totaled slightly more than 1 million head, 4 percent more than in August and 24 percent more than in September last year. So far in 1941 (Jan.-Sept.) the number of cattle slaughtered under Federal inspection has totaled 12 percent more than a year earlier, but calf slaughter has been little different from that of the first 9 months of 1940. A large part of the increase in cattle slaughter has been in marketings of grain fed cattle, both steers and heifers.

HOGS

The outlook for hog producers in 1942 is favorable. The trend in hog production is upward, and total marketings will be the largest in about 15 years. However, a higher average level of domestic demand for meats in 1942, together with continued large purchases of pork and lard under the food-for-defense program, will more than offset the effects on prices of the increase in hog marketings. Hog prices in 1942 are expected to average higher than in the current year, and cash farm income from the sale of hogs probably will be the largest since 1929.

The recently announced goals for agriculture call for a total hog slaughter in 1942 about 11 percent greater than in 1941. The 1941 fall pig crop is indicated to be about 13 percent greater than that of 1940. And the favorable hog-corn price ratio in recent months, along with the Department of Agriculture's assurance that hog prices will be supported through June 1943, probably will result in a substantial increase in the number of pigs raised in the spring of 1942. A considerable part of the increase in the number of pigs raised during the coming year probably will occur in the Western Corn Belt, where hog production is still below the pre-drought level.

Because of these prospective increases in hog production, it is likely that the 1942 goal of about 79 million head for total slaughter will be reached. Exports of pork and lard in 1942 probably will be equivalent to the products of about 12 million hogs and will be the largest in more than 15 years. However, total supplies of pork and lard remaining for domestic consumption will not differ greatly from those of the current year.

Inspected hog slaughter in September totaled 2.9 million head, raising slaughter for the entire 1940-41 marketing year (Oct.-Sept.) to 48.0 million head, slightly more than the 47.6 million head slaughtered under Federal inspection during 1939-40. The market movement of the 1941 spring pig crop is now getting under way, and hog supplies will increase seasonally for the next 2 or 3 months. This year's spring crop was about the same size as that of 1940, but marketings of hogs this fall and early winter probably will be smaller than a year earlier because of the later average farrowing date for the 1941 crop and the tendency to feed hogs to heavier weights.

Hog prices have weakened during the past 3 weeks. The average price of all hogs at Chicago for the week ended October 4 was \$10.90, compared high \$11.20 three weeks earlier and \$6.25 a year earlier. Since last January the trend in hog prices has been sharply upward, and the average price received by farmers in the 1940-41 marketing year (Oct.-Sept.) was about \$2.50 higher than in 1939-40.

SHEEP AND LAMBS

Barring unfavorable weather conditions during the next 12 months, the 1942 outlook for sheep and lambs is favorable. Recent marked improvement in domestic demand conditions has been reflected in substantially higher prices for lambs in recent months than a year earlier. A higher average level of consumers' incomes than in 1941, along with a fairly high level of wool prices, is in prospect for 1942, and lamb prices probably will average higher next year than they have in 1941. Range conditions have been unusually good this season, and sheep and lambs will go into the winter in the best condition in several years.

The 1941 lamb crop was about 5 percent larger than that of 1940. So far in this year's grass-lamb marketing season (May-September) slaughter of sheep and lambs has totaled around 4 percent more than in the corresponding period of 1940, and supplies of grass lambs probably will continue larger than a year earlier throughout the fall marketing season. The number of lambs fattened on wheat pastures, most of which will be ready for market before the end of the year, also will be larger this year than last.

The demand for feeder lambs during the late summer and early fall has been strong, and the number of lambs fed in the 1941-42 season may again be large. Returns from lamb-feeding operations during the past season were mostly favorable, partly because of the sharp advance which occurred in prices of fed lambs after early January. With prospects of a higher average level of demand for meats, lamb prices are expected to average higher next winter and spring than a year earlier, but they may not advance as sharply as they did in the first few months of 1941. Prices of feeder lambs this fall have averaged around \$2 higher than a year earlier.

The 1942 goal for total sheep and lamb slaughter is about 2 percent greater than the probable total slaughter for 1941. The United States lamb crop has followed a moderate upward trend for the past several years, and the 1942 crop probably will again be large.

Lamb prices have weakened somewhat in the past several weeks, but they are still about as high as in the early part of the marketing season and are materially higher than a year earlier. The average price of good and choice grade slaughter lambs at Chicago in early October was \$11.50 compared with \$11.80 a month earlier and \$9.45 in early October last year. Inspected slaughter of sheep and lambs during September was 3 percent larger than a month earlier and 6 percent larger than a year earlier.

WOOL

Cash income received by farmers and ranchers from the sale of wool in 1941 will be the largest in 20 years. And present indications are that farm income from wool in 1942 will be fully as large as in 1941, if not larger. Prices this year were considerably higher than in any year of the past decade. The higher prices were chiefly the result of the marked increase in mill consumption of wool in the United States.

The current rate of mill consumption of apparel wool is about 75 percent above the average rate of recent years (1935-39), and consumption is likely to be maintained at the current rate through 1941 and the early months of 1942. The continuation of the current high level of mill consumption will be a strong supporting factor to prices of wool from the 1942 domestic clip. And in view of the current and prospective large import requirements for apparel wool, wool prices in foreign markets and the ocean shipping situation also will be important factors affecting prices in the United States.

General imports of apparel wool (entries for immediate consumption and into bonded warehouses) in the first 7 months of 1941 totaled 466 million pounds, the largest ever reported; an additional 85 million pounds were received for reserve storage on British Government account. Total supplies for commercial purposes of domestic and foreign wool in the United States on September 1, including 1941 production, were about 140 million pounds larger than a year earlier. In view of the current high rate of consumption and possibilities of delay in ocean shipping it is likely that stocks will be maintained at a considerably higher level than in recent years. And United States purchases of wool in the Southern Hemisphere in 1941-42 again will be large, possibly 400-500 million pounds.

Supplies of wool available for export in Argentina and Uruguay in 1941-42 will be much smaller than they were last year, chiefly because of the small carry-over into the new season. The 1940-41 exports from these countries totaled about 550 million pounds of apparel and carpet wool. Supplies available in Australia and South Africa will be relatively large in 1941-42. This wool is released for export by the British Wool Control with strict regulation as to prices and destination. It is expected that large quantities will be available for United States buyers.

CORN AND OTHER FEED

The supply of feed grains, byproduct feeds, and hay for 1941-42 will be the largest in more than 20 years. The supply of feed grains available after October 1 (corn and oat stocks on October 1, plus production of corn,

barley, and grain sorghums) totaled 119 million tons, or 3 percent more than the 1940-41 supply and 18 percent above the 1928-32 average. About 385 million bushels (10.8 million tons) of the October 1 corn stocks were under lease or owned by the Commodity Credit Corporation. Supplies of wheat mill-feeds for 1941-42 will be above average and supplies of high protein feeds will be the largest on record. The total supply of hay was indicated October 1 to be about 110 million tons, or the largest for the 22 years for which records are available. Domestic disappearance of feed grains will be larger in 1941-42 than in other recent years. The corn carry-over next October 1 may be reduced from the 632 million bushels this year.

The demand for feed grains probably will average higher in 1942 than in 1941. Livestock production is increasing and more grain is being fed per animal. The number of grain-consuming animal units is expected to be about 5 percent larger on January 1, 1942 than on January 1, 1941 and the number of hay-consuming animal units about 2 percent larger. Livestock prices have advanced more than feed prices during the past year and feeding ratios are generally favorable to livestock producers. With a strong demand for feed grains in prospect, feed prices in general may average higher during the coming year than in September. The loan rate, available to eligible producers in the commercial area on 1941 corn, has not yet been announced, but it is expected to vary from 65 to 74 cents per bushel, depending on the location.

The acreage planted to feed crops in 1942 may be a little larger than the area planted this year. The national goal for the four major feed grains in 1942 is 151 to 154 million acres compared with 150 million acres planted this year. An increase is necessary in some areas to allow for increased livestock production. Some expansion in corn acreage is expected in the western part of the Corn Belt where acreage has been much below average in recent years. There may be some increase in acreage outside the Corn Belt. The corn acreage allotment for the commercial producing area will be the same in 1942 as in 1941. In much of the Corn Belt, and especially in the central area, corn stocks are unusually large and the carry-over into 1942-43 is expected to be much above average. The acreage seeded to oilseed crops is expected to be increased in 1942 and production of oilseed cakes and meals therefore may be larger than in 1941-42. During the past 5 years the yield of corn and hay per acre has been above the 1923-32 average, largely as a result of increased acreages of hybrid corn and alfalfa hay, but partly as a result of favorable weather and improved cultural practices.

WHEAT

Wheat prices in mid-October were generally 3-5 cents lower than a month earlier. Contributing to the decline were military reverses in Prussia and lower feed grain prices. During the past month prices at Minneapolis declined 9 cents. Hard spring marketings have been delayed by wet weather and much of the wheat reaching the market has been damp. This has necessitated using bin space for drying and mixing which could otherwise have been used to ease the pressure of the current storage situation. Compared with loan values, on October 14 prices at Kansas City were 2 cents above while those at St. Louis, Portland, and Minneapolis were 3, 5 and 11 cents, respectively, below.

It is expected that wheat growers in the United States will seed about 55 million acres for the 1942 crop, or an acreage about equal to the national allotment. An acreage of this size would represent a reduction of 13 percent from the 63.5 million acres seeded for the 1941 crop. If the total seedings for harvest in 1942 turn out to be about 55 million acres, and the 20-year (1921-40) average yield per seeded acre of 11.8 bushels is obtained, production will total about 650 million bushels. This is about 300 million bushels less than the crop indicated for 1941. With a carry-over July 1, 1942 indicated at about 275 million bushels larger than that of last July, total supplies in 1942-43 may be only slightly below the record supplies this year estimated at about 1,350 million bushels.

Since the loan program started in 1938 wheat prices in the United States have been higher than export quotations, and 1942-43 they are expected to continue well above the export price levels of other surplus-producing countries. With world wheat supplies very large and trade restricted, world wheat prices are expected to continue at low levels.

FATS, OILS, AND OILSEEDS

A high level of domestic demand for fats and oils and substantial purchases of lard for export are in prospect for 1942. Prices for fats and oils probably will average higher next year than this, although advances from present levels may be held within narrow limits.

Prices for domestic oilseeds are now comparatively high, and are expected to average at least as high in 1942-43 as in the current marketing season if the war continues, even though the output of soybeans and peanuts may be increased next year. In the case of flaxseed, the large surplus available in Argentina has had a somewhat restraining influence on prices this season. This influence probably will continue to be felt so long as continental European markets remain closed to South American trade and ships are readily available for carrying flaxseed from South America to this country.

Requirements for fats for domestic consumption and export in the 1941-42 marketing year probably will exceed 11 billion pounds. Production from domestic materials during this period is expected to total well over 9 billion pounds. This amount although setting a new high record, will be nearly 2 billion pounds short of requirements. Imports in 1940-41, including the oil in oilseeds, amounted to approximately 1.6 billion pounds. It is doubtful that imports can be increased materially if at all this season. Substantial gains in new ship construction are in prospect for the next 18 months, but the rate of ship losses and possible new demands on shipping continue to be uncertain factors. Stocks of fats and oils are likely to be reduced this season unless imports are increased.

Total requirements for fats in 1942-43 are expected to exceed those in the current marketing year. But with increased livestock slaughter in prospect, the output of animal fats and oils will be expanded by perhaps 300 million pounds. Production goals for 1942, moreover, call for increases of 1.1 million acres of soybeans for beans and 1.6 million acres of peanuts. With average crop yields, these increases would provide an additional 500 million pounds of oil. The production goal for flaxseed in 1942 calls for the

same planted acreage as in 1941. But in view of the comparatively high prices and high yields in most areas for flaxseed this season, and the restrictions on wheat acreage, some increase in flax plantings may occur next year. Cotton acreage may be slightly reduced in 1942.

COTTON

With employment and industrial activity expected to continue high, and with large military purchases of cotton textiles, the outlook for domestic cotton consumption during the current season is exceptionally favorable. In view of the continuing high level of demand and manufacturers' large volume of unfilled orders, domestic consumption for the current season may approximate or even exceed 10-1/2 million bales, including between 100,000 and 200,000 bales of foreign cotton. This indication takes into account the prospective reductions in the quantity of cotton to be used this season for mattress making and by the automotive and tire industries. These reductions are likely to be offset in part by substitution of cotton for jute and other imported raw or manufactured fibers. Last season domestic consumption reached nearly 9-3/4 million bales, about 1-3/4 million bales above the previous record high of 1936-37.

In view of the large proportion of the world's spindles that are under Axis control, and the low level of consumption in some of the other countries, exports in the 1941-42 season will be exceptionally small. They do not at the present time seem likely to materially exceed the 1.1 million bales exported last season. Except for lease-lend exports and the Government subsidy program, exports this season would probably be much less than in 1940-41 when they were the smallest since the Civil War period, and only one-fifth as large as the below-average exports of 1939-40.

During the first part of the current season, farmers received the highest prices for cotton since 1929, and the highest prices for seed in more than 21 years. A continuation of present prices, with the crop as now estimated, would result in farm returns from marketings of lint and seed of 1 billion dollars or more for the first time since 1929.

The domestic supply of American cotton this season is about the same as in 1940, but substantially larger than average. The estimated 1941 crop is substantially smaller than that of last season but this decrease is about offset by the August 1 carry-over of 11.9 million bales, which was 1-1/2 million larger than a year earlier and greatly above average. On August 1, domestic stocks of "free" American cotton totaled nearly 5-1/2 million bales - more than three times as large as a year earlier and the fourth largest since 1920. Through September 30, the Commodity Credit Corporation had completed loans on only 39,000 bales of 1941-crop cotton, compared with 159,000 bales of 1940-crop cotton up to the end of September last year. Farmers are reported to be holding a considerable proportion of their ginnings. Much of this cotton is being financed with private rather than Government loans. Another factor in the "free" supply situation is the fact that practically all of the exports this season will be either lend-lease or Government subsidized exports taken from Government-owned stocks.

The relatively high prices for cotton and for alternative farm products, along with the employment opportunities afforded by the defense program, have provided an opportunity to make some further, though not necessarily permanent, adjustment in domestic production. With this in mind, the goal for the 1942 planted acreage was established at 22 to 24 million acres. This compares with an acreage in cultivation of 23-1/2 million on July 1, 1941, which was somewhat smaller than it otherwise would have been because of unfavorable weather and the payment of cotton-order stamps to farmers for planting less than their allotments. It should not be overlooked that cotton prices are about 75 percent higher this fall than the average of the past 4 years. It is also likely that a much higher proportion of the total income from the cotton enterprise in 1942-43 will be from marketings of lint and seed and a smaller proportion from Agricultural Adjustment Administration payments than in recent years. It is quite possible, therefore, that in many, if not most States, the area planted to cotton in 1942 will represent a larger proportion of allotted acreages than the proportions represented by average plantings during the past 4 years.

DAIRY PRODUCTS

Total milk production in 1942 will be the largest on record. The gain in production will result partly from the expected 3 percent increase in the number of milk cows on farms and partly perhaps from larger milk production per cow than the record high level of this year. Because of the expected higher average level of consumer income and of exports under the lend-lease program, prices of dairy products will average higher in 1942 than in 1941, although the increase in prices probably will be less than the increase from 1940 to 1941.

Feed-grain supplies in 1942 will be ample for heavy feeding, and supplies of high protein feed probably will be 5 to 10 percent larger in 1941-42 than in 1940-41. The hay supply will be the largest on record. The ratio of butterfat prices to prices of feed grains will be more favorable to dairy producers than a year earlier during the remainder of 1941; and through the first half of 1942 the relation between prices paid for milk by condenseries and feed-grain prices may be more favorable than a year earlier. However, prices of butterfat in relation to prices of byproduct feeds are now less favorable to dairymen than in 1940 or during the 1920-34 period and may average even less favorable during most of 1942.

Mainly because of prospective larger exports under the lend-lease program, production of manufactured dairy products in 1942 will be the largest on record, the largest increases being for American cheese and evaporated milk. Total exports, on a milk-equivalent basis, are expected to be twice as large in 1942 as in 1941 and almost eight times as large as in 1940.

A milk production goal of 125 billion pounds (7 percent above production in 1941) has been recommended for 1942. This quantity of milk would provide not only for the increased requirements for exports in 1942 but also for a record per capita consumption of all milk and dairy products next year. But even with an increase in per capita consumption the total consumption of dairy products in 1942 will still be short of that estimated as necessary to

provide adequate nutritional standards for the population of the United States. If the desired goal is reached, domestic consumption of all milk and dairy products (on a milk-equivalent basis) could be about 10 quarts per capita larger than in 1941 after allowing for the increased quantities needed for export.

POULTRY PRODUCTS

Production of poultry products is responding rapidly to favorable prices, and output in the United States in 1942 is expected to be the largest on record. The demand for poultry and eggs will be higher on the average than in 1941, however, and probably will more than offset the effects on prices of the increased supplies.

The basis for a material increase in egg production in 1942 was established with the 14-percent increase in number of chickens raised on farms this year over last. This year marked the upturn of the cycle of chicken production, and with chicken and egg prices supported at not less than 85 percent of parity a further increase of several percent in chickens raised in 1942 is probable. With the number of layers now in prospect for next year it is likely that the goal established for egg production in 1942 will be attained.

The tentative goal for production of chicken meat in 1942 also is likely of attainment. Only a moderate increase in the hatch will be necessary, since the slaughter of fowls in 1942 probably will be larger than in 1941, and numbers of all chickens on farms may not be increased to the extent they were this year. Turkey prices for 1941 will average materially higher than in 1940. This probably will lead to further expansion in turkey production next year.

The effects of the prospective larger supplies of poultry products on average prices received by farmers in 1942 are expected to be more than offset by a stronger average consumer demand and by the Department's purchasing and price-supporting program. Cash farm income from poultry products in 1942 will be materially larger than in 1941 and probably the largest on record. Farmers' costs also will be higher than in 1941 but may not increase as much as income. Feed prices during the crop year 1941-42 are expected to average higher than in September 1941. But unless feed prices average even higher than now seems likely, the feed-egg ratio during the coming winter and spring period will be favorable to egg production.

Egg production continues larger than a year earlier, and with favorable weather will increase further relative to late 1940 as this year's much larger number of pullets come into production. Egg prices, now 50 percent higher than a year ago in wholesale markets, are expected to continue well above those of a year earlier during the remainder of 1941 and into 1942.

Farm marketings of young chickens in the midwest recently have been the largest on record and storage stocks of young stock are being accumulated rapidly. Wholesale prices of live chickens, however, have held up well and in general are somewhat higher than a year ago.

FRUITS

Latest indications are that total fruit production this season probably will be 3 percent greater than in the preceding season. It is likely that a slightly smaller production of citrus fruits will be more than offset by an increased production of deciduous fruits. Auction prices of Washington apples at New York and Chicago in September averaged roughly 13 percent above those in September 1940, and market prices of eastern and mid-western apples averaged about the same as a year earlier. Market prices of fruits in general are higher than those of a year ago.

Although the size of the 1942 fruit crop cannot be accurately determined at this time, it is likely that the total crop will closely approximate that of 1941. A generally smaller output of deciduous fruits probably will be offset by a larger production of citrus fruits.

Fruit producers of the United States may expect in 1942 the most favorable demand situation for fruits and fruit products that has prevailed for more than a decade. A higher average level of consumer purchasing power in 1942 than in 1941, and the present prospect for a considerable increase in fruit exports as a result of the lend-lease program, are factors that will have a favorable effect on 1942 fruit prices. Although costs of production and marketing probably will increase in 1942, it is likely that the increase in demand will result in price levels sufficiently above those of recent years to more than cover these increased costs.

In view of the prospective increased demand in 1942 for both domestic use and lend-lease export, the Department of Agriculture has recommended that every effort be made to prevent waste so that the fullest possible utilization can be made of the total fruit output next season.

POTATOES

Because of the higher prices being received for potatoes this season than last, it is probable that the acreage planted in 1942 will be increased slightly.

The 1942 national goal for potatoes is 3,060,000 acres, which with normal abandonment and average yields would result in a production of about 375 million bushels. The acreage goal is nearly 5 percent larger than the relatively small acreage planted in 1941 but the production figure is about the same as that now indicated for the current season when yields are at near-record levels.

This acreage if planted in 1942 would represent a return to the level which obtained in 1939. By regions, however, the goals call for increases over the 1939 acreage in the Northeastern and Southern groups of States and decreases in the North Central and Western groups. These changes are suggested in order to meet the requirements both from a time-of-marketing and a regional basis. Because of the moderate supplies of late potatoes indicated for 1941 a larger crop probably will be needed in the South next spring. The goals provide for increased plantings of late potatoes in all regions in 1942 over the acreage planted in 1941, although the increase in the South is very slight, with some States showing a decrease.

If a moderate-sized potato crop is produced in 1942, prices and incomes received by producers should be favorable compared with most years. Although any forecast of demand conditions in the 1942-43 season must be highly tentative, it seems probable that they will be at least as favorable as in 1941-42 if the war continues.

SWEETPOTATOES

The acreage planted to sweetpotatoes in 1942 is expected to be little different from that planted in 1941. Ordinarily a sharp rise in cotton prices, such as has occurred this season, would result in decreased plantings of sweetpotatoes the following year in the Southern States. In this instance, however, it is likely that the normal relationship will not be maintained, since there is considerable emphasis on a live-at-home-program which includes plans for an increased production of food products.

The national goal for sweetpotatoes in 1942 is for a planted acreage only slightly larger than that of 1941. Average yields on this acreage would result in a crop slightly larger than the average of recent years. On a regional basis, the goals provide for plantings the same as those in 1941 in all areas except the South where a slight increase is suggested in order that the home-grown food supply may be increased slightly.

If a moderate sized sweetpotato crop is produced in 1942, somewhat higher prices would be received by growers. In any event, it is probable that incomes to producers will be higher in 1942 than in recent years since the total cash income from the production of sweetpotatoes, as a general rule, varies directly with changes in the general level of food prices, and the prospect is for a higher average level of food prices in 1942 than in 1941.

TRUCK CROPS

In view of the higher prices received for most truck crops for market in the 1941 season than last, the prospect is for some expansion in plantings in 1942. This is particularly true of the winter truck crops grown in the South, since the acreage and production have been held down somewhat during the past two seasons by unfavorable weather conditions. In general, however, the expansion may be tempered to some extent by the prospect that production and marketing costs will be higher than in recent years. Some difficulty may be encountered in obtaining high quality seed, fertilizers, sprays, and containers for 1942 operations. Also labor costs are expected to be somewhat higher than in 1941.

On the basis of present prospects, and provided weather conditions are favorable, the crops most likely to be increased are snap beans, cabbage, cucumbers, lettuce, onions, green peas, green peppers, spinach, tomatoes, and watermelons.

Early reports indicate that plantings of truck crops for fall and early winter harvest, the first of the 1942 season's crops, are not much different from those of last season. There are small increases indicated for asparagus, carrots, and cauliflower, but small decreases for artichokes, snap beans, celery, kale, and spinach. There is, however, a substantial increase in the prospective acreage of fall and early cabbage.

DRY EDIBLE BEANS

A larger acreage of dry edible beans than in 1941 is in prospect for 1942. Most of the increase probably will occur in the white bean producing areas, since the white varieties are in greatest demand for lend-lease purposes.

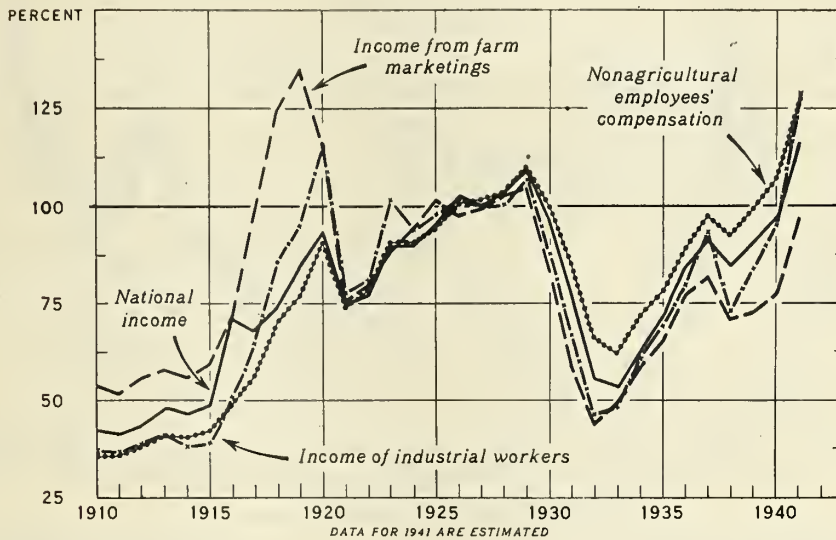
Tentatively the national acreage goal for dry edible beans for 1942 is about the same as the 2,131,000 acres planted in 1941. This goal was determined on the basis of a production in 1941 indicated to total 18.7 million bags and a carry-over stock of approximately 3.3 million bags. Dry weather in Michigan and New York reduced 1941 prospects sharply during August, and as a result the indicated production as of October 1 for the United States is for only 18.2 million bags.

On the basis of the present prospect the supply of dry edible beans available for the 1941 season totals about 19.8 million bags (cleaned basis and allowing for seed) and compares with 17.8 million bags in the 1940 season. The 1941 supply would provide for a domestic consumption of about 13 million bags, about the same as in 1940 but at a substantially higher level of prices, and for net exports and shipments out of the country totaling 3.4 million compared with approximately 2 million bags shipped out in the 1940 season. The carry-over into 1942, therefore, would be reduced to about 3.4 million bags from the 3.7 million expected to be available when the tentative goal was determined. Thus, it is evident that if all requirements are to be provided for in 1942 the acreage planted to dry edible beans probably will need to be increased slightly over the tentative goal figure. There is the possibility of further changes in the output for 1941, however, which will result in changes in the outlook for 1942.

In general, dry edible bean producers may expect a higher level of prices for both the 1941 and 1942 crops than has prevailed in recent years, and an increased utilization of the crop. This will be particularly true of the white varieties.

CASH INCOME FROM FARM MARKETINGS AND INDICATIONS OF CONSUMERS' INCOME, UNITED STATES, 1910-41

INDEX NUMBERS (1924-29=100)



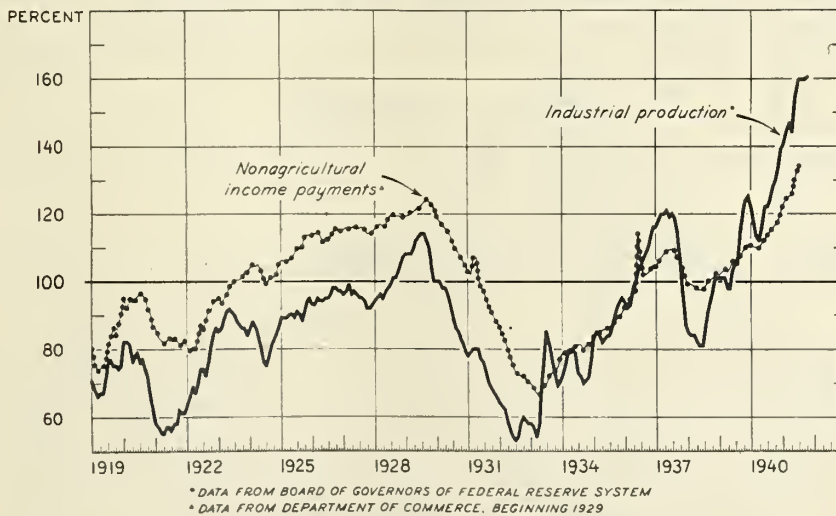
U. S. DEPARTMENT OF AGRICULTURE

NEG. 39612 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 2.- CHANGES IN CASH INCOME FROM FARM MARKETINGS FROM 1910 TO 1941 CORRESPONDED RATHER CLOSELY WITH MEASURES OF CHANGES IN THE MONEY INCOMES OF CONSUMERS. DIFFERENT MEASURES OF CONSUMER INCOME MAY BE USEFUL IN ANALYZING CHANGES IN THE DEMAND FOR DIFFERENT FARM PRODUCTS AT DIFFERENT TIMES. THE INFLUENCE ON FARM INCOME OF OTHER DEMAND FACTORS, PRINCIPALLY EXPORT AND SPECULATIVE DEMAND, ARE ESPECIALLY NOTICEABLE IN THE DIVERGENT MOVEMENTS OF THESE LINES DURING WORLD WAR I AND IN RECENT YEARS (SEE CHART ON BACK OF COVER PAGE). DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 36.

INDUSTRIAL PRODUCTION AND NONAGRICULTURAL INCOME PAYMENTS, UNITED STATES, 1919-41

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



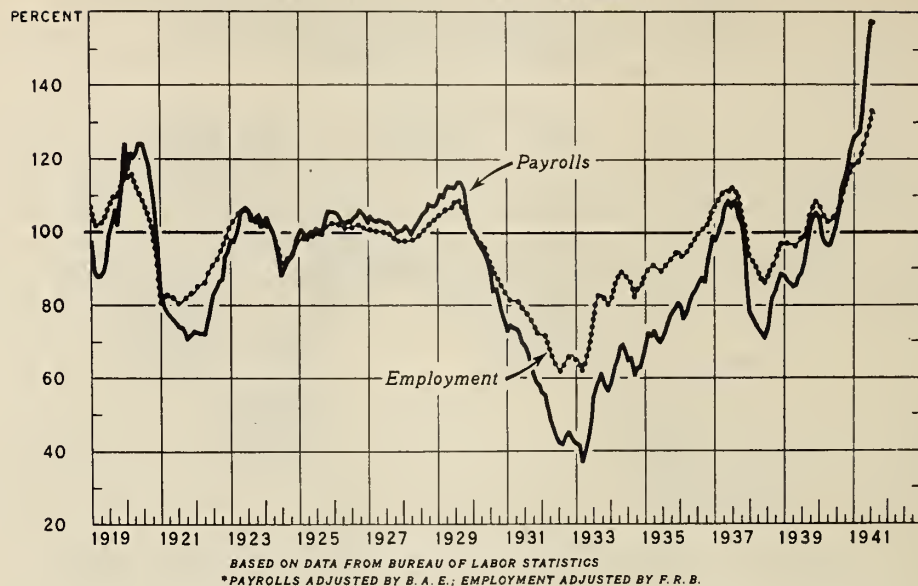
U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 3.- CHANGES IN THE MONEY INCOMES OF URBAN CONSUMERS OF FARM PRODUCTS ARISE LARGELY FROM CHANGES IN INDUSTRIAL ACTIVITY AND IN THE GENERAL PRICE LEVEL, WHICH ARE HIGHLY CORRELATED. INDUSTRIAL PRODUCTION INCREASED MORE IN 1941 THAN IN ANY PREVIOUS YEAR, AND THE AVERAGE LEVEL WAS HIGHER THAN EVER BEFORE. SOME FURTHER INCREASE IN 1942 IS PROBABLE. NONAGRICULTURAL INCOME PAYMENTS ALSO ROSE SHARPLY IN 1941, ALTHOUGH THEY LAGGED BEHIND THE RISE IN INDUSTRIAL PRODUCTION. COMPARED WITH INDUSTRIAL PRODUCTION, THE RISING PRICE LEVEL MAY HAVE A GREATER RELATIVE INFLUENCE ON THE INCOME OF THE NONAGRICULTURAL POPULATION IN 1942 THAN IN 1941. DATA FOR THIS CHART ARE GIVEN IN THE TABLES ON PAGES 37 AND 38.

FACTORY EMPLOYMENT AND PAYROLLS, UNITED STATES, 1919-41

INDEX NUMBERS (1923-25=100) ADJUSTED FOR SEASONAL VARIATION*



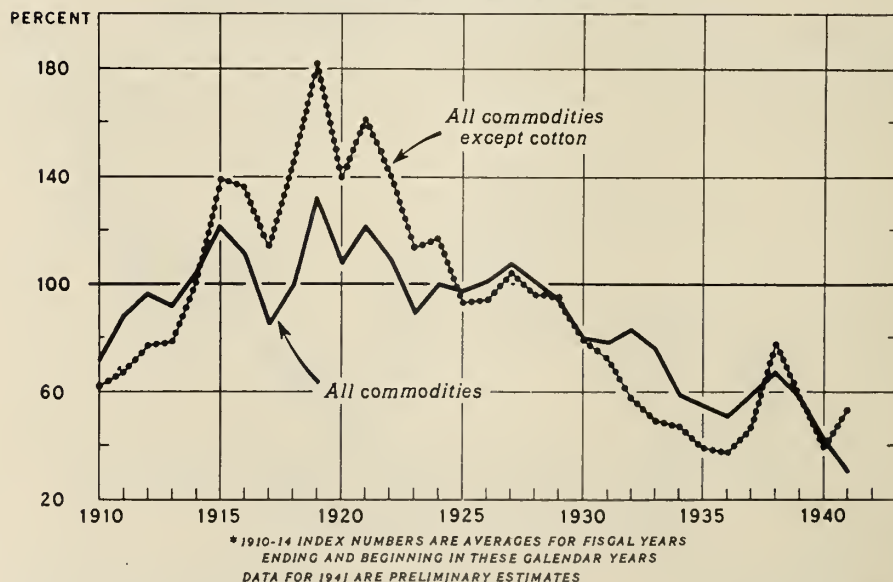
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FIGURE 4.- FACTORY PAY ROLLS USUALLY MOVE FASTER THAN CHANGES IN EMPLOYMENT, BECAUSE OF THE EFFECTS ON PAY ROLLS OF CHANGES IN WAGE RATES AND IN THE AVERAGE NUMBER OF HOURS WORKED. IN 1941 THIS TENDENCY WAS PARTICULARLY MARKED. THE REEMPLOYMENT OF IDLE WORKERS MAY NOT AFFECT TOTAL FOOD CONSUMPTION, WHICH DEPENDS PRIMARILY UPON THE AMOUNT PRODUCED, BUT ADDS TO THE DEMAND FOR FARM PRODUCTS AND TENDS TO RAISE PRICES. THE EFFECT OF AN INCREASE IN THE INCOMES OF WORKERS ALREADY EMPLOYED IS SIMILAR. DATA FOR THIS CHART ARE GIVEN IN THE TABLES ON PAGES 39 AND 40.

VOLUME OF AGRICULTURAL EXPORTS FROM THE UNITED STATES, 1910-41*

INDEX NUMBERS (1924-29=100)



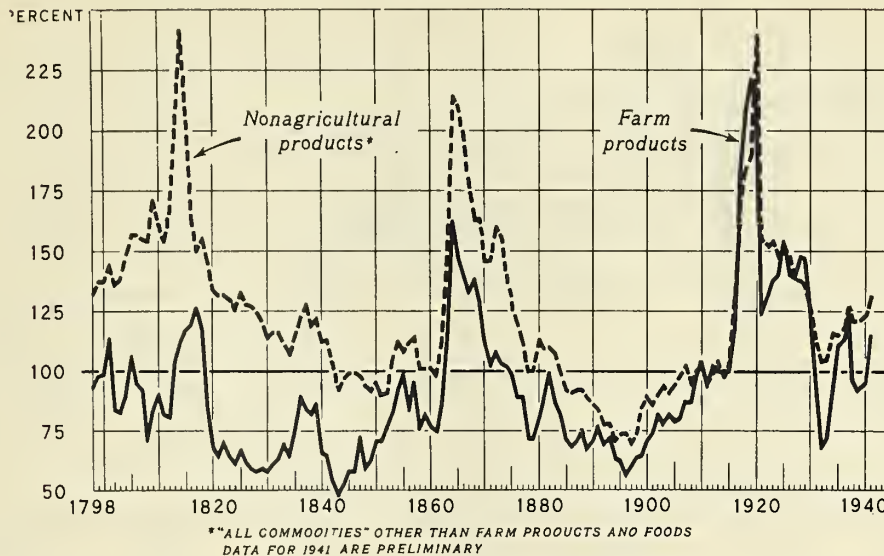
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FIGURE 5.- DURING THE FIRST 2 YEARS OF THE PRESENT EUROPEAN WAR EXPORTS OF FARM PRODUCTS DECLINED SHARPLY, IN CONTRAST WITH THE MARKED INCREASE WHICH OCCURRED DURING THE FIRST 2 YEARS OF WORLD WAR I. FOREIGN SALES OF THE LEADING EXPORT CROPS WILL REMAIN SMALL IN 1942, BUT EXPORTS OF LIVESTOCK PRODUCTS WILL INCREASE GREATLY AS A RESULT OF THE LEND-LEASE PROGRAMS. DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 41.

WHOLESALE PRICES OF FARM AND NONAGRICULTURAL PRODUCTS, UNITED STATES, 1798-1941

INDEX NUMBERS (1910-14=100)



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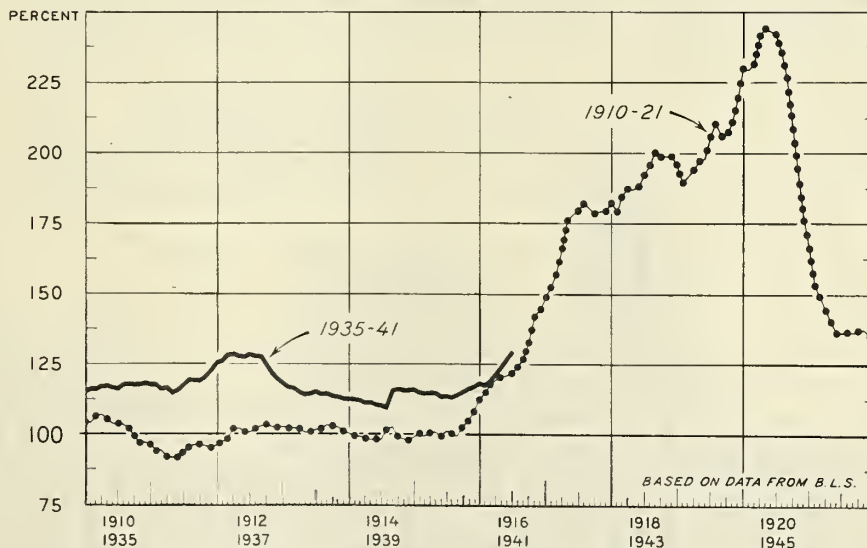
NEG. 23549

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 6.- IN MAJOR PARTS OF THE PAST PRICES OF BOTH AGRICULTURAL AND NONAGRICULTURAL PRODUCTS HAVE RISEN SHARPLY TO BE FOLLOWED BY DRASTIC DECLINES IN THE POST-WAR YEARS. THESE CHANGES MAY BE TRACED TO ACCOMPANYING FLUCTUATIONS IN INDUSTRIAL ACTIVITY, CREDIT EXPANSION AND CONTRACTION, INTERRUPTIONS TO NORMAL INTERNATIONAL TRADE, AND OTHER FACTORS. DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 42.

WHOLESALE PRICES OF ALL COMMODITIES, UNITED STATES, 1910-21, AND 1935-41

INDEX NUMBERS (1910-14=100)



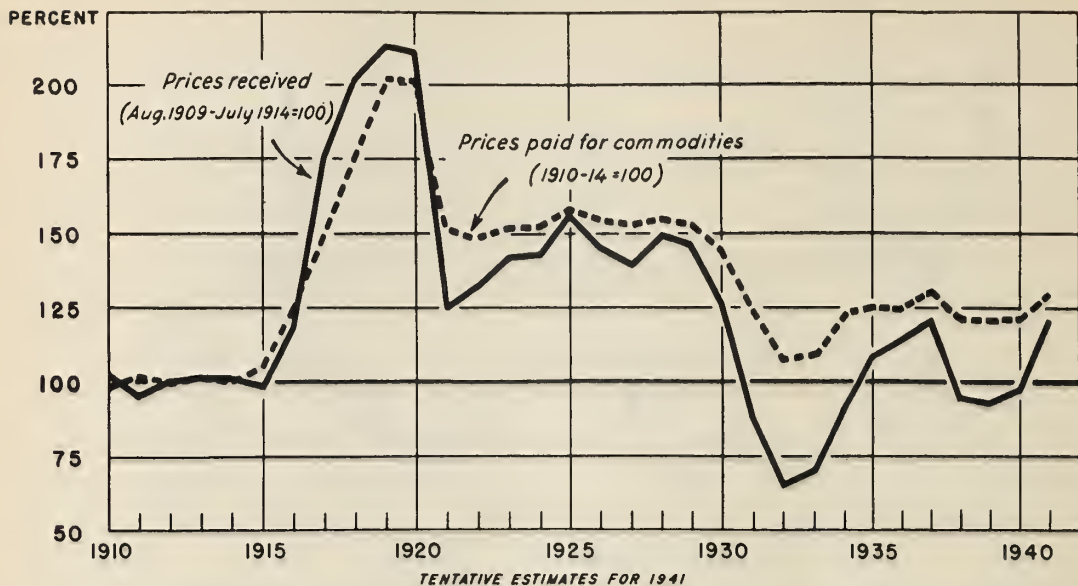
THE NUMBER OF COMMODITIES USED IN COMPUTING THESE INDEX NUMBERS WAS 550 IN 1913 AND 889 IN 1941

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NEG. 39520 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 7.- PRICE MOVEMENTS SO FAR DURING THE PRESENT EUROPEAN WAR AND IN THE WORLD WAR HAVE CERTAIN SIMILARITIES, BUT CONDITIONS INFLUENCING PRICES DURING THE COURSE OF THE PRESENT WAR MAY PROVE TO BE DIFFERENT IN SEVERAL IMPORTANT RESPECTS. ALTHOUGH THE GENERAL MOVEMENT OF PRICES IS EXPECTED TO BE UPWARD IN 1942, THE EXTENT OF THE RISE PROBABLY WILL NOT BE AS GREAT AS IN 1917. THE CHART SHOWS THE SLOWING DOWN IN THE PRICE RISE WHICH OCCURRED DURING THE WORLD WAR FROM THE MIDDLE OF 1917 UNTIL THE END OF HOSTILITIES DURING THE PERIOD OF WIDESPREAD PRICE CONTROLS. THE CONTROLS WERE RESOLVED WHEN THE WAR ENDED AND PRICES AGAIN ROSE RAPIDLY FOR A WHILE. DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 43.

PRICES RECEIVED AND PAID BY FARMERS, UNITED STATES, INDEX NUMBERS, 1910-41



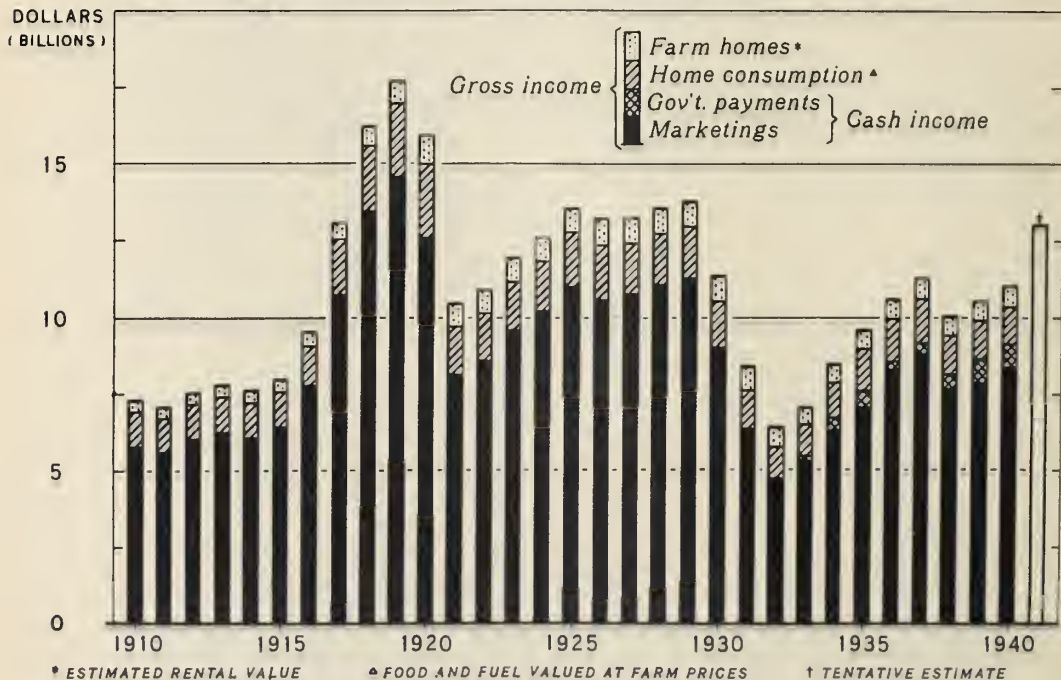
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NEG. 18350

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FIGURE 8.- FOR THE YEAR 1941 AS A WHOLE PRICES RECEIVED BY FARMERS RELATIVE TO PRICES PAID BY THEM FOR COMMODITIES PURCHASED WERE LOWER THAN IN 1910-14. DURING THE LAST HALF OF THE YEAR THEY ROSE TO THE BEST RELATIVE POSITION SINCE 1920, AND AVERAGED ABOUT THE SAME IN RELATION TO PRICES PAID AS DURING THE PRE-WAR BASE PERIOD. DATA FOR THIS CHART ARE GIVEN IN THE TABLE ON PAGE 44.

GROSS AND CASH FARM INCOME, UNITED STATES, 1910-41



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NEG. 34549-A

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 9.- GROSS FARM INCOME IN 1941 WILL BE THE LARGEST SINCE 1929. A LATER ESTIMATE FOR 1941 THAN THAT SHOWN IN THE ABOVE CHART WILL BE FOUND IN THE TABLE ON PAGE 45.

Prices received by farmers, by months, 1910-21, and 1935-41
Index numbers, August 1909-July 1914 = 100

(Data for neg. 39330)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1910	106	105	105	106	103	102	101	100	102	101	99	99	102
1911	99	96	95	95	95	96	98	98	95	93	92	94	95
1912	96	98	100	104	107	104	101	99	98	98	97	97	100
1913	97	97	98	99	98	100	99	102	105	103	107	105	101
1914	105	105	104	102	103	103	103	102	99	95	94	95	101
1915	97	98	96	99	101	99	97	95	96	100	101	101	98
1916	104	105	107	110	111	113	114	119	125	131	138	140	118
1917	141	148	156	173	185	186	183	181	183	188	189	194	175
1918	198	200	199	197	196	193	197	207	213	209	205	208	202
1919	206	197	197	206	213	213	220	223	215	219	227	227	213
1920	229	228	229	239	244	242	231	213	197	183	165	148	211
1921	142	130	127	118	113	113	116	123	128	134	130	130	125
1935	107	111	108	111	108	104	102	106	107	109	108	110	108
1936	109	109	104	105	103	107	115	124	124	121	120	126	114
1937	131	127	128	130	128	124	125	123	118	112	107	104	121
1938	102	97	96	94	92	92	95	92	95	95	94	96	95
1939	94	92	91	89	90	89	89	88	98	97	97	96	93
1940	99	101	97	98	98	95	95	96	97	99	99	101	98
1941	104	103	103	110	112	118	125	131	139				

Total nonagricultural employees' compensation, cash income from farm marketings, income of industrial workers, and national income, United States, 1910-41

Index numbers, 1924-29 = 100

(Data for neg. 39612)

Year	Total nonagricultural employees' compensation	Cash income from farm marketings	Income of industrial workers	National income
1910	35.4	53.6	36.9	42.1
1911	35.8	51.7	36.2	41.3
1912	38.3	55.6	38.6	43.8
1913	41.1	57.8	41.1	48.0
1914	40.5	55.9	38.1	46.3
1915	42.3	59.2	38.9	48.7
1916	49.1	71.6	50.9	71.3
1917	56.1	99.3	64.5	67.9
1918	70.4	124.4	85.7	73.9
1919	76.7	135.0	94.9	84.1
1920	90.6	116.6	115.5	93.4
1921	74.0	75.3	77.5	74.2
1922	78.1	79.4	80.6	77.0
1923	90.7	88.4	101.5	89.9
1924	90.6	94.5	93.7	89.8
1925	94.2	101.6	97.9	95.6
1926	100.5	97.7	101.8	102.3
1927	101.5	99.4	99.7	99.9
1928	103.5	102.4	100.3	103.1
1929	109.7	104.4	106.6	109.3
1930	99.7	83.4	87.6	95.9
1931	84.3	58.9	66.9	76.1
1932	66.0	43.8	46.2	55.5
1933	62.1	49.1	48.3	53.4
1934	72.0	58.4	61.0	62.9
1935	78.1	65.1	69.1	71.7
1936	88.9	76.6	79.7	83.6
1937	97.5	81.4	93.7	91.1
1938	92.1	70.7	73.0	84.5
1939	98.7	72.6	83.9	90.5
1940	106.5	77.2	95.0	97.3
1941 1/2	128.0	97.0	129.0	116.0

1/ Preliminary estimates.

Industrial production, by months, United States, 1919-41
Index numbers 1935-39 = 100 adjusted for seasonal variation
(Data for neg. 35638)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual
1919	71	68	66	67	67	72	76	77	75	75	74	75	72
1920	82	82	81	76	78	79	76	77	74	72	66	62	75
1921	58	57	55	55	57	57	56	58	58	62	61	61	58
1922	63	66	69	67	70	74	74	72	76	81	84	86	73
1923	85	86	89	91	92	91	90	88	87	86	86	84	88
1924	86	88	86	83	80	76	75	78	81	82	84	86	82
1925	89	89	89	90	90	89	91	90	88	91	94	95	90
1926	93	93	95	94	94	95	95	96	98	98	97	97	96
1927	96	97	99	96	97	96	95	95	94	92	92	93	95
1928	94	95	96	95	97	98	99	101	101	103	105	107	99
1929	103	108	108	110	112	113	114	114	112	110	105	100	110
1930	100	100	98	98	96	93	89	86	85	83	81	79	91
1931	73	79	80	80	80	77	76	73	70	68	67	66	75
1932	64	63	62	58	56	54	53	54	58	60	59	58	58
1933	58	57	54	58	68	78	85	82	77	73	69	70	69
1934	72	75	79	79	80	79	73	72	70	71	72	77	75
1935	83	85	84	82	83	84	84	87	89	92	94	95	87
1936	94	92	93	98	100	103	104	106	108	110	113	116	103
1937	116	118	120	120	121	119	120	119	115	107	96	87	113
1938	85	84	84	82	81	81	86	90	93	96	100	101	89
1939	101	101	101	98	98	103	105	105	114	121	124	125	108
1940	122	116	113	112	116	122	122	124	127	130	134	139	123
1941	140	144	147	144	154	159	160	160	161				

Federal Reserve data.

Nonagricultural income payments, by months, United States, 1919-41
 Index numbers 1935-39 = 100 adjusted for seasonal variation
 (Data for neg. 35638)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1919	80.4	75.3	73.9	74.7	75.1	77.4	81.6	83.9	86.1	83.9	87.1	90.2	80.8
1920	95.2	91.9	95.0	94.0	94.4	95.9	96.6	95.9	94.9	91.9	90.5	86.6	93.6
1921	86.0	83.3	82.3	81.6	82.7	83.2	82.1	83.0	82.3	81.0	81.9	82.3	82.7
1922	80.2	79.6	80.6	80.1	83.5	86.9	85.7	88.4	91.4	91.1	94.1	94.2	86.4
1923	95.0	93.5	95.2	96.2	98.5	99.3	100.1	100.3	100.3	101.2	103.1	102.5	98.9
1924	103.9	105.0	104.4	105.1	102.9	100.8	99.3	99.9	101.2	101.1	102.0	105.1	102.6
1925	106.1	106.1	105.9	106.3	106.9	107.8	109.9	109.8	110.1	113.0	113.7	113.7	109.2
1926	113.7	114.1	114.5	113.7	111.6	113.0	112.4	113.2	114.4	115.5	115.2	114.9	113.8
1927	115.2	115.8	115.4	115.9	116.0	116.1	115.5	116.1	115.5	114.2	114.2	114.2	115.4
1928	115.4	116.1	116.8	116.3	116.3	118.3	119.7	119.9	119.5	119.6	119.3	119.1	118.0
1929	119.5	119.6	120.6	120.7	121.3	121.6	122.5	123.4	124.4	123.8	122.7	122.1	121.9
1930	119.4	117.9	116.9	115.8	114.9	113.7	112.0	109.8	109.1	107.5	106.1	104.9	112.3
1931	102.9	102.2	107.2	107.2	100.9	98.5	97.2	94.8	92.8	91.0	89.6	88.0	97.7
1932	86.6	84.3	82.5	79.8	77.8	75.4	73.5	72.7	72.2	72.1	71.3	70.3	76.5
1933	69.8	63.7	66.9	66.5	67.5	69.3	69.9	72.2	73.2	73.7	74.8	77.3	70.8
1934	78.7	79.2	80.0	79.6	81.0	80.9	81.3	81.4	79.9	80.9	81.5	81.7	80.5
1935	83.9	84.7	84.8	85.6	85.9	86.1	86.4	87.2	87.9	89.1	89.6	90.9	86.8
1936	92.4	93.5	94.7	96.1	97.2	114.5	108.0	102.0	102.0	102.5	103.6	104.9	101.0
1937	104.3	106.0	107.2	103.1	103.9	109.6	109.6	109.1	107.2	106.1	103.9	101.6	106.8
1938	99.4	99.3	98.9	98.1	97.6	97.6	97.8	99.5	100.1	100.5	101.5	102.3	99.4
1939	101.9	102.7	103.6	102.7	103.9	106.1	106.0	107.4	107.6	109.2	110.1	110.9	106.0
1940	110.5	110.1	110.0	109.8	111.3	112.2	113.4	114.6	115.3	116.5	117.2	119.7	113.4
1941	122.2	124.5	125.0	126.0	129.9	132.9	134.5	135.2					

Department of Commerce data beginning with January 1929.

Pay rolls in manufacturing industries, United States, by months, 1919-41

Index numbers 1923-25 = 100 adjusted for seasonal variation

(Data for neg. 23967)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual
1919	97.6	89.0	87.3	87.5	89.0	92.5	98.9	102.1	105.9	101.3	108.8	115.7	98.0
1920	123.9	117.0	121.6	120.0	121.5	124.2	124.1	121.1	118.4	112.5	106.0	95.8	117.2
1921	83.9	79.9	78.6	77.3	76.5	75.4	74.0	73.9	72.0	70.7	71.5	72.9	75.6
1922	72.4	72.3	72.2	72.2	76.1	79.8	82.9	84.4	86.7	87.2	92.0	94.8	81.2
1923	97.7	97.5	99.5	101.9	106.0	107.0	106.4	103.5	103.4	104.1	104.8	103.0	102.9
1924	102.9	104.2	101.4	100.1	96.4	91.7	88.2	89.5	92.0	93.0	93.9	97.9	96.0
1925	99.9	100.7	99.7	98.5	100.2	99.0	100.8	100.5	99.0	103.5	106.1	105.8	101.1
1926	105.7	105.4	104.0	102.9	102.3	103.5	102.8	104.2	104.7	106.2	105.2	103.9	104.2
1927	102.6	104.5	103.4	103.0	103.6	103.0	102.5	102.9	101.7	101.0	99.8	100.3	102.4
1928	109.5	101.7	100.4	99.4	101.1	102.5	103.6	105.0	105.8	107.7	107.2	107.2	103.5
1929	108.0	110.5	109.6	112.0	112.9	112.5	112.3	114.0	113.9	111.8	105.9	101.5	110.4
1930	100.4	99.3	96.7	96.7	95.0	92.7	87.9	84.1	84.5	81.5	78.0	75.6	89.4
1931	73.2	74.2	73.6	73.3	72.7	69.8	68.9	66.7	63.5	60.8	58.8	58.0	67.8
1932	56.2	55.2	52.0	48.7	46.2	43.6	41.8	41.6	43.8	45.0	44.0	42.5	46.7
1933	41.9	41.3	37.1	39.6	43.9	49.0	54.5	58.8	61.1	60.1	57.8	56.7	50.1
1934	58.4	62.7	65.2	68.3	68.9	67.3	64.9	65.4	60.6	62.9	63.1	66.4	64.5
1935	70.2	72.4	72.2	73.2	70.9	69.7	71.5	74.3	76.5	78.2	79.3	80.7	74.1
1936	80.0	76.4	78.1	81.1	83.0	84.0	86.3	87.7	86.9	91.3	95.3	99.5	85.8
1937	98.4	99.8	102.7	107.7	108.8	107.4	108.8	109.1	104.5	103.1	94.1	84.9	102.5
1938	78.5	77.5	75.5	73.8	72.7	71.5	74.1	78.2	82.0	83.6	86.1	88.4	78.5
1939	88.1	86.8	86.1	85.2	85.3	87.7	88.7	91.6	95.0	101.5	104.1	105.7	92.2
1940	103.9	99.0	96.8	96.1	96.6	99.3	101.6	105.9	111.2	114.3	117.6	122.8	105.4
1941	125.6	126.4	127.3	132.3	142.3	151.8	156.0	157.6					

Compiled from the Bureau of Labor Statistics series of pay rolls. Adjusted for seasonal variation by the Bureau of Agricultural Economics, by the standard method of computing seasonal variation.

Factory employment in the United States, by months, 1919-41
 Index numbers 1923-25 = 100 adjusted for seasonal variation
 (Data for neg. 23967)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual
1919	106.4	102.6	101.6	102.1	102.9	104.3	107.2	108.5	109.5	109.4	111.6	114.3	106.7
1920	116.3	114.8	115.6	114.1	111.4	110.4	107.8	106.4	104.2	100.8	95.2	88.3	107.1
1921	116.7	82.6	82.8	82.5	82.3	81.6	80.2	80.6	81.7	82.5	83.1	82.9	82.0
1922	116.6	85.3	85.7	86.0	88.2	89.8	91.0	92.3	93.4	95.3	97.5	99.4	90.7
1923	116.7	102.7	103.9	104.9	105.5	106.1	105.6	104.7	103.8	102.7	102.4	101.6	103.8
1924	116.7	102.8	101.3	100.0	97.1	94.2	91.6	91.9	92.9	93.7	94.2	96.4	96.4
1925	116.1	93.6	94.7	99.0	99.0	98.9	99.4	99.7	99.9	101.1	102.0	102.4	99.8
1926	116.7	102.4	102.0	101.7	101.1	101.3	101.0	101.5	102.0	102.0	101.4	101.0	101.7
1927	116.4	102.3	100.4	100.2	100.1	100.1	99.7	99.6	99.1	98.4	97.9	97.4	99.5
1928	116.3	97.8	97.9	97.7	98.2	98.7	99.2	100.4	100.9	101.7	102.7	103.3	99.7
1929	104.2	105.0	105.3	106.4	106.6	107.0	108.1	108.4	107.3	106.6	104.4	101.9	106.0
1930	100.6	99.0	97.7	97.0	95.7	93.9	91.2	89.0	87.7	86.7	85.3	83.8	92.4
1931	82.4	81.4	81.1	81.0	80.7	79.2	78.7	77.5	76.0	73.9	72.6	72.4	78.1
1932	71.3	71.4	69.9	67.6	65.3	63.6	61.9	62.4	64.4	65.8	66.2	65.5	66.3
1933	65.0	65.0	62.2	63.8	67.1	72.2	77.4	81.0	82.8	82.9	81.2	80.1	73.4
1934	61.7	63.9	66.9	68.3	69.0	68.3	67.3	66.4	61.3	64.4	64.6	66.4	85.7
1935	68.9	68.0	60.6	60.7	60.0	59.2	60.0	61.0	62.0	63.0	64.2	64.7	91.3
1936	64.5	57.3	63.6	65.1	66.7	67.9	69.8	100.6	101.6	102.4	104.5	106.9	99.0
1937	61.3	108.4	109.8	111.0	111.8	111.2	112.2	111.6	110.2	107.8	103.8	98.2	108.6
1938	96.4	92.4	91.0	83.0	87.3	86.3	87.2	89.3	91.0	92.0	94.8	96.7	90.9
1939	106.8	96.8	96.7	96.6	96.3	97.3	98.4	99.0	100.8	104.5	107.0	108.2	99.9
1940	107.6	105.8	104.0	102.8	102.8	103.8	105.1	107.4	108.9	111.4	114.2	116.6	107.5
1941	113.3	118.6	119.4	122.0	124.9	128.7	133.3	132.7					

Continued on page 22 Federal Reserve Bulletins of October 1938, p. 838; October 1939, p. 880; February 1941, p. 116.

This is the Bureau of Labor Statistics series of employment in all industries, adjusted for seasonal variation by the Board of Governors of the Federal Reserve System.

Exports of domestic agricultural products, United States,
1910-41

Index number of volume 1924-29 = 100

(Data for neg. 39564)

Calendar years	All commodities	All commodities except cotton
1910 <u>1/</u>	72	62
1911 <u>1/</u>	88	67
1912 <u>1/</u>	96	77
1913 <u>1/</u>	92	78
1914 <u>1/</u>	104	102
1915	121	139
1916	111	136
1917	85	113
1918	99	145
1919	132	182
1920	108	139
1921	121	161
1922	109	141
1923	89	113
1924	100	117
1925	97	93
1926	101	94
1927	108	104
1928	101	96
1929	94	95
1930	80	72
1931	78	72
1932	83	57
1933	76	49
1934	59	47
1935	55	39
1936	51	37
1937	59	46
1938	67	78
1939	58	58
1940	42	39
1941 <u>2/</u>	31	51

Data from Office of Foreign Agricultural Relations.

1/ The 1910-14 index numbers averages of the indexes for fiscal years ending and beginning in these calendar years.

2/ Preliminary estimates.

Wholesale prices of farm and nonagricultural 1/ products, United States, 1798-1941
Index numbers 1910-14 = 100

(Data for neg. 23549)

Year	Farm : prod- : ucts :	Non- agri- : cul- : tural :	Year	Farm : prod- : ucts :	Non- agri- : cul- : tural :	Year	Farm : prod- : ucts :	Non- agri- : cul- : tural :	Year	Farm : prod- : ucts :	Non- agri- : cul- : tural :
1798	93	132	1827	59	127	1856	84	112	1885	72	92
1799	98	137	1828	58	125	1857	95	114	1886	68	91
1800	99	137	1829	59	121	1858	76	101	1887	71	92
1801	113	144	1830	58	114	1859	82	101	1888	75	92
1802	84	136	1831	61	116	1860	77	101	1889	67	89
1803	83	138	1832	63	116	1861	75	98	1890	71	86
1804	89	148	1833	69	111	1862	86	113	1891	76	84
1805	106	157	1834	64	107	1863	113	150	1892	69	78
1806	95	157	1835	75	114	1864	162	214	1893	72	78
1807	92	155	1836	89	123	1865	148	210	1894	63	71
1808	71	154	1837	84	127	1866	140	197	1895	62	74
1809	83	171	1838	82	119	1867	133	176	1896	56	74
1810	90	161	1839	86	122	1868	138	163	1897	60	70
1811	82	154	1840	65	112	1869	128	163	1898	63	74
1812	81	166	1841	64	113	1870	112	146	1899	64	85
1813	104	204	1842	53	103	1871	102	146	1900	71	89
1814	112	241	1843	48	92	1872	108	160	1901	74	86
1815	117	203	1844	52	97	1873	103	156	1902	82	90
1816	119	163	1845	58	99	1874	102	139	1903	78	94
1817	126	150	1846	58	99	1875	99	127	1904	82	91
1818	117	155	1847	72	98	1876	89	120	1905	79	94
1819	87	146	1848	59	94	1877	89	111	1906	80	98
1820	68	134	1849	62	92	1878	72	100	1907	87	102
1821	64	132	1850	71	95	1879	72	100	1908	87	95
1822	70	132	1851	71	90	1880	80	113	1909	98	100
1823	64	130	1852	77	91	1881	89	109	1910	104	103
1824	61	126	1853	83	105	1882	99	110	1911	94	95
1825	67	133	1854	93	112	1883	87	107	1912	102	99
1826	62	128	1855	98	108	1884	82	99	1913	100	104

Compiled as follows: 1798-1889, based on Warren and Pearson index numbers (variable group weights); beginning 1890, based on Bureau of Labor Statistics index numbers.
1/ All commodities other than farm products and foods. 2/ Preliminary estimates.

Wholesale prices of all commodities, by months, United States, 1910-21, and 1935-41
Index numbers 1910-14 = 100

(Data for neg. 39520)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1910	104.2	104.1	106.4	106.9	105.1	103.6	103.6	103.4	102.0	99.1	96.9	97.2	102.8
1911	96.5	94.0	94.5	92.4	92.0	92.0	93.3	95.6	96.5	96.6	96.2	95.3	94.7
1912	96.4	97.4	98.5	101.8	102.2	100.7	100.6	101.8	102.9	103.4	102.5	102.3	100.9
1913	102.6	101.9	102.0	101.8	100.6	100.7	101.5	101.8	103.1	102.8	102.3	100.9	101.9
1914	100.1	99.7	99.3	98.7	98.4	98.4	98.2	101.6	102.5	99.3	98.5	98.2	99.4
1915	99.4	100.1	99.6	100.3	100.7	99.7	101.2	100.1	99.7	102.5	104.7	108.0	101.5
1916	112.4	114.6	117.4	119.3	120.4	121.0	121.8	124.2	126.9	133.0	142.2	144.8	124.8
1917	149.1	152.6	157.2	166.6	176.2	178.1	179.6	182.2	180.3	178.4	179.3	179.4	171.5
1918	182.5	179.1	184.5	187.3	187.0	188.3	192.7	196.1	200.7	199.0	199.0	199.0	191.7
1919	196.2	189.5	191.7	194.2	197.5	198.0	206.0	210.7	206.0	206.7	210.9	219.7	202.3
1920	230.2	229.3	231.5	241.6	244.1	243.1	242.0	235.6	226.6	210.5	194.7	176.2	225.4
1921	166.4	153.1	149.5	144.4	140.4	136.4	136.4	136.5	136.4	137.4	137.5	135.6	142.5
1935	115.0	116.1	115.9	116.9	117.1	116.5	115.9	117.5	117.8	117.5	117.7	118.1	116.8
1936	117.7	117.7	116.2	116.4	114.7	115.6	117.5	119.1	119.1	119.0	120.3	122.9	118.0
1937	125.4	126.0	128.2	128.5	127.6	127.3	128.3	127.7	127.6	124.7	121.6	119.3	126.0
1938	118.1	116.5	116.4	114.9	114.0	114.3	115.0	114.0	114.3	113.3	113.1	112.4	114.7
1939	112.3	112.3	112.0	111.2	111.2	110.4	110.1	109.5	115.5	115.9	115.6	115.6	112.6
1940	115.9	114.9	114.5	114.7	114.5	113.1	113.4	113.0	113.9	114.9	116.2	116.8	114.7
1941	118.0	117.7	119.0	121.5	123.9	127.2	129.6	131.8	133.8				

Based on Bureau of Labor Statistics data.
1/ Preliminary

Prices received and paid by farmers, index numbers,
United States, 1910-41

(Data for neg. 18350)

Year	:	:	:	:	Year	:	:	:
	:	Prices	:	Prices		:	Prices	:
	:	received	:	paid		:	received	:
	:	(Aug.1909- July 1914: = 100)	:	(1910-14 = 100)		:	(Aug.1909- July 1914: = 100)	:
1910	:	102	:	98	:	1925	:	156
1911	:	95	:	101	:	1926	:	145
1912	:	100	:	100	:	1927	:	139
1913	:	101	:	101	:	1928	:	149
1914	:	101	:	100	:	1929	:	146
1915	:	98	:	105	:	1930	:	126
1916	:	118	:	124	:	1931	:	87
1917	:	175	:	149	:	1932	:	65
1918	:	202	:	176	:	1933	:	70
1919	:	213	:	202	:	1934	:	90
1920	:	211	:	201	:	1935	:	108
1921	:	125	:	152	:	1936	:	114
1922	:	132	:	149	:	1937	:	121
1923	:	142	:	152	:	1938	:	95
1924	:	143	:	152	:	1939	:	93
	:		:		:	1940	:	98
	:		:		:	1941 <u>1/</u>	:	121
	:		:		:		:	

1/ Preliminary estimates.

Gross farm income, United States, 1910-41

(Data for neg. 34549-A)

Year	Cash income: from marketings	Government payments	Total cash income	Value of home consumption	Imputed rent of dwellings	Gross income
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1910	5,793		5,793	1,177	382	7,352
1911	5,596		5,596	1,092	393	7,081
1912	6,017		6,017	1,140	404	7,561
1913	6,248		6,248	1,153	420	7,821
1914	6,050		6,050	1,161	427	7,638
1915	6,403		6,403	1,131	434	7,968
1916	7,750		7,750	1,309	473	9,532
1917	10,746		10,746	1,861	540	13,147
1918	13,461		13,461	2,153	618	16,232
1919	14,602		14,602	2,395	713	17,710
1920	12,608		12,608	2,406	894	15,908
1921	8,150		8,150	1,568	760	10,478
1922	8,594		8,594	1,555	734	10,883
1923	9,563		9,563	1,623	781	11,967
1924	10,221		10,221	1,622	780	12,623
1925	10,995		10,995	1,781	791	13,567
1926	10,564		10,564	1,837	803	13,204
1927	10,756		10,756	1,695	800	13,251
1928	11,072		11,072	1,667	811	13,550
1929	11,296		11,296	1,699	829	13,824
1930	9,021		9,021	1,537	830	11,388
1931	6,371		6,371	1,253	754	8,378
1932	4,743		4,743	1,008	655	6,406
1933	5,314	131	5,445	1,023	587	7,055
1934	6,317	446	6,763	1,100	616	8,479
1935	7,042	573	7,615	1,337	616	9,568
1936	8,284	287	8,571	1,405	615	10,591
1937	8,809	367	9,176	1,452	648	11,276
1938	7,648	482	8,130	1,283	632	10,045
1939	7,851	307	8,658	1,231	636	10,525
1940	8,354	766	9,120	1,229	665	11,014
1941						<u>1/</u> 13,400

1/ Preliminary estimate.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION ¹	FACORY EMPLOYMENT ²	FACORY PAY ROLLS ²	INCOME OF INDUSTRIAL WORKERS ³	VOLUME OF AGRICULTURAL EXPORTS ⁴	WHOLE-SALE PRICES OF ALL COMMODITIES ⁵	WHOLE-SALE PRICES OF ALL FATS AND OILS	RETAIL FOOD PRICES ⁶	PRICES RECEIVED BY FARMERS ⁷	PRICES PAID BY FARMERS	RATIO OF PRICES RECEIVED TO PRICES PAID	CASH INCOME FROM FARM MARKETINGS ⁸
Base Period	1935-39	1923-25	1923-25	1924-29	1924-29	1910-14	1924-29	1913	1910-14	1910-14	1910-14	1924-29
1929	110	106	110	107	94	139	97	166	146	153	95	104
1930	91	92	89	88	80	126	81	158	126	145	87	83
1931	75	78	68	67	78	107	61	130	87	124	70	59
1932	58	66	47	46	83	95	44	108	65	107	61	44
1933	69	73	50	48	76	96	48	105	70	109	64	49
1934	75	86	64	61	59	109	59	117	90	123	73	58
1935	87	91	74	69	55	117	78	126	108	125	86	65
1936	103	99	86	80	51	118	79	127	114	124	92	77
1937	113	109	102	94	59	126	82	132	121	130	93	81
1938	89	91	78	73	67	115	66	122	95	122	78	71
1939	108	100	92	84	58	113	61	119	93	121	77	73
1940	123	108	105	95	42	115	64	121	98	123	80	77
1940-Sept.	127	109	111	99	18	114	61	122	97	122	80	76
Oct.	130	111	114	101	23	115	63	120	99	122	81	80
Nov.	134	114	118	104	19	116	68	120	99	122	81	79
Dec.	139	117	123	108	18	117	70	122	101	123	82	85
1941-Jan.	140	118	126	111	16	118	67	122	104	123	85	86
Feb.	144	119	126	111	22	118	68	123	103	123	84	84
Mar.	147	119	127	113	27	119	72	123	103	124	83	89
Apr.	144	122	132	113	28	121	79	126	110	124	89	93
May	154	125	142	125	38	124	87	128	112	125	90	96
June	159	129	152	133	41	127	90	133	118	128	92	96
July	161	133	158	138	54	129	90	134	125	129	97	98
Aug. ⁹	160	133	158	138	--	132	91	135	131	131	100	102
Sept. ⁹	161	--	--	--	--	134	96	139	139	133	105	--

¹ Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.² Bureau of Labor Statistics, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).³ Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised April 1941.⁴ Foreign Agricultural Relations, 1924-29 = 100, adjusted for seasonal variation. Revised April 1941.⁵ Bureau of Labor Statistics, 1926 = 100, converted to 1910-14 = 100.⁶ Bureau of Labor Statistics, 1935-39 = 100, converted to 1913 = 100.⁷ August 1909 - July 1914 = 100.⁸ Adjusted for seasonal variation. Revised July 18, 1941.⁹ Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the different base periods used, and of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.